FINANCIAL TIMES

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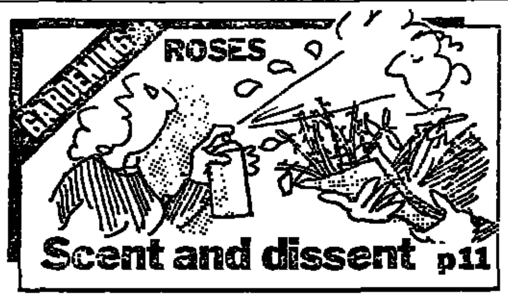
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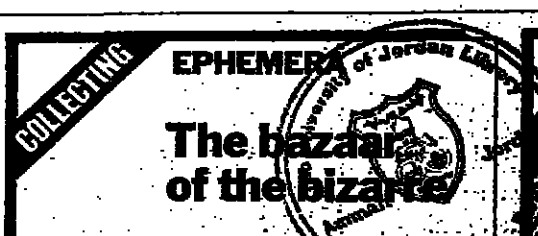
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WORLD NEWS

Scientist raps Union Carbide

The first official condemnation of Union Carbide for faults at its Bhopal pesticides plant, where a gas leak last month killed over 2,000 people, came yesterday from the Indian Government's top scientist, Dr S. Varadarajan.

Dr Varadarajan, who is heading an inquiry into the accident, said the cooling system on the tank storing the lethal methyl iscyanate was inefficient and liquid level controls in the tank were not working.

Some 70 victims are still being admitted to hospital daily because of after-effects of inhaling the gas. Back Page

Ethiopia accuses Sudan

Ethiopia accused Sudan of helping Israel's "illegal trafficking in Ethiopian nations," raising fears that more Falasha Jews will be unable to leave Ethiopia. Page 2

Moscow apologises

The Soviet Union apologised to Norway and Finland for a "possible accident" in a naval exercise. A cruise missile was reported to have crashed in Finland. Page 2

Group leaves embassy

Seventeen East Germans left West Germany's Prague embassy, after a three-month sit-in to try to win exit visas for the West. Only 11 of the orginal 150 now remain. Page 2

Prague dissidents held

Seven prominent members of the Charter 77 human rights group were detained in Prague, three days before the eighth anniversary of the publication of the charter.

Joseph offers more cash

Education Secretary Sir Keith Joseph offered more education spending for 1986 if unions, councils and other education interests gave better value for money. Page 3

Sales drive at Mirror

Publisher Robert Maxwell launched a readership drive in the wake of a 200,000 drop in circulation of the Daily Mirror despite heavy promotion. Page 3

FO demand on hostages

The Foreign Office demanded that Unita rebels in Angola safeguard three Britons taken hostage last week. Page 2

Thatcher to visit Bonn

Mrs Thatcher is to visit Bonn on January 18 for talks with West German Chancellor Helmut Kohl. The visit was postponed in November because of Mrs Gandhi's funeral.

FT talks break down

Talks between Financial Times management and National Graphical Association machine room officials broke down. Page 4

Drivers warned of cold

The Automobile Association warned drivers that this weekend was expected to be the coldest so far this winter. Weather, Back Page

Test draw likely

The third test at Calcutta looked likely to be drawn after England reached 99-2 in answer to India's 437-7 declared on the fourth day.

BUSINESS SUMMARY

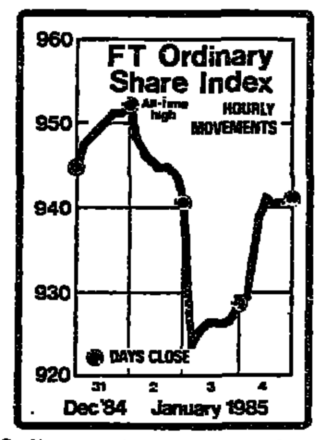
AT & T scales down video link service

AT&T, U.S. telecommunications group, has sharply scaled-down its once highly-touted public video-conferencing network in the U.S. because of lack of demand.

Facilities have been closed in six of the 11 U.S. cities where the system was introduced three years ago. Back Page

HONG KONG share prices rose further. The Hang Seng index added 26.3 to 1,262.3, giving a gain of 76 on the week. Feature, Page 15; World stock markets. Page 16

EQUITIES recovered on evidence of the authorities' resistance to pressure for dearer money. The FT



Ordinary share index closed at 941, regaining 12.3 of its 23.6 fall over the previous two sessions. Page 18;

BRITISH AIRWAYS carried 18.2m passengers on its scheduled and charter flights last year, 12 per cent up on 1983. Page 4

BP and its partners in the North Sea Buchan field received government approval to spend £33m to raise output. Page 3

STEEL: The EEC and U.S. are bringing into force a steel pipes and tubes import restraint agreement affter overcoming last-minute difficulties. Page 2

SOUTHAMPTON dockers' leader Ritchie Pearce is taking voluntary redundancy from his job at the troubled port. Page 4

ENTERPRISE BOARDS from Leeds and West Yorkshire councils, with former Leyland Bus employees, are negotiating to buy BL's Charles H. Roe coach works in Leeds, which closed last May. Page 4

IMF delegation is due to visit Nigeria later this month, possibly leading to the re-opening of deadlocked loan talks. Page 2

FILM FINANCE: A plan by merchant bankers Samuel Montagu to raise $22m (£19.3m) to invest in Hollywood films has so far failed to reach its target. Page 4

CONTROL DATA, U.S. computer and computer products group in the midst of reorganisation, expects to return to profit in the fourth quarter after posting a $54.5m (£47.2m) third quarter loss. Page 15

OCCIDENTAL Petroleum and Diamond Shamrock shares were suspended in New York amid speculation about a possible merger of the two energy groups. Page 15

AUSTRALIAN entrepreneur Robert Holmes à Court plans the A$190m (£134.6m) sale to mining group Peko-Wallsend of oil and gas interests controlled through Bell Resources, a subsidiary of his Bell Group Page 15

MARKETS

DOLLAR

New York lunchtime:
DM 3.16725
FFr 9.7
SwFr 2.632
Y253.15

London:
DM 3.168 (3.1615)
FFr 9.6925 (9.6525)
SwFr 2.632 (2.621)
Y253.1 (252.4)
Dollar Index 145.6 (145.5)
Tokyo close Y252.55

U.S. LUNCHTIME RATES

Fed Funds 8⅛%
3-month Treasury Bills: 7.79%
Long Bond: 100⅜
yield: 11.72

GOLD

New York: Comex Jan latest $300
London: $301.5 ($303.5)

STERLING

New York lunchtime: $1.1495
London: $1.1545 (1.1505)
DM 3.655 (3.64)
FFr 11.17 (11.1675)
SwFr 3.03 (3.015)
Y292 (290.5)
Sterling Index 72.9 (72.8)

LONDON MONEY

3-month interbank:
mid rate 10⅛% (10⅛)
3-month eligible bills:
buying rate 9⅞% (10)

STOCK INDICES

FT Ord 941 (+12.3)
FT-A All Share 585.46 (+0.6%)
FT-SE 100 1,214.6 (+8.5)
FT-A long gilt yield index:
High coupon 10.46 (10.51)
New York lunchtime:
DJ Ind Av 1,183.64 (−6.18)
Tokyo:
Nikkei Dow 11,558.06 (+15.46)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 75; Spain Pta 100; Sweden Kr 6.50; Switzerland Fr 2.00; Ireland 60p; Malta 30c.

Ministers warned of infrastructure decay

BY JOHN LLOYD, INDUSTRIAL EDITOR

GOVERNMENT Ministers will meet next week to receive a report which argues, in great detail, that Britain's public sector infrastructures — roads, schools, hospitals and sewers — has deteriorated so badly that in many cases there is a critical need of repair and renewal.

The cost of remedying the present worsening position is reckoned to run into many billions of pounds. This "will rise steeply if it not tackled," the report says.

The report, drawn up over the past 18 months by the National Economic Development Office, is to be discussed by Government ministers and union and business leaders at the monthly meeting of the National Economic Development Council on Wednesday.

The gravity, detail and uncompromising tone of the report is expected to be a major embarrassment to Government —particularly to Mr Nigel Lawson, the Chancellor, who will chair the meeting. Both the Confederation of British Industry and the TUC will urge a major increase in expenditure on infrastructure at a time when the Budget — due on March 19—is still being formulated.

The Nedo report says that "very large sums"—within the total amount of £10bn spent annually on new projects and maintenance in the public sector—"are being spent in ways which do not give value for money." Britain's public assets are worth more than £200bn.

The covering note by Mr John Cassels, the NEDC's director-general, to the detailed report on six areas of public investment—sewerage, housing, schools, hospitals, roads and bridges and Government buildings—says it shows "a varied and in many respects disturbing situation which has developed over a long period."

The components include:

● A huge backlog of necessary

Continued on Back Page
Editorial Comment, Page 12

House insurance rates rise 7%

BY ERIC SHORT

Most of Britain's householders face an extra rise of nearly 7 per cent in the cost of insuring their homes this year, in addition to the normal increase to allow for inflation. This follows the decision of the big composite insurance groups to lift their basic premium rates from £1.50 to £1.60 for each £1,000 sum insured.

The rate increase could have been 20 per cent but for the influence of the major building societies.

Commercial Union Assurance has already introduced the higher rate from the beginning of this month, although no public announcement was made. Sun Alliance Group, Royal Insurance and Legal and General Assurance, the three largest house insurers, are to make the change at the beginning of next month. General Accident and Guardian Royal Exchange are considering when to introduce the rise.

House insurance premiums are increased automatically every year to allow for inflation because the sum insured—the value placed on the house—increases each year in line with the movement in the house rebuilding cost index. But insurance companies have found that this increased premium income still fails to match the rise in claims paid out.

Claims have risen by about one-third since 1980—the last time basic rates were increased. Subsidence claims have risen dramatically in recent years and there has been a notable increase in householders' readiness to claim for small amounts.

Insurance companies have found that the rise in the average payment on claims has outstripped inflation and they have also been hit by two severe winters in 1982 and 1984.

Many insurance managers says the proposed increase will do little more than halt rising losses. Companies had wanted an increase to £1.80 to bring their house buildings accounts back on an even keel.

However, the building societies persuaded the insurance groups to restrict the increase in return for a reduction in the commission rates paid to societies.

Most householders with building society mortgages insure their houses through the building societies' block policies, though they have freedom of choice of insurer. Commission rates on these block policies are about 40 per cent of premiums and this commission income to societies rises with inflation.

NCB claims 700 'new faces'

BY JOHN LLOYD AND MARK MEREDITH

THE NATIONAL Coal Board yesterday claimed that more miners had returned over the past week of partial working than in any week since the "surge back" month of last November.

The claim came as Mr Mick McGahey, the National Union of Mineworkers' vice president, stressed that the union was ready for new talks. He also appealed to miners who had returned to work to "come back out and learn their lesson."

The number of "new faces" reporting for work over the past three working days is claimed by the NCB to exceed 700, including about 90 yesterday.

Board officials in North Derbyshire said that with more than 280 new faces returning for work in the area, nearly half the area's 10,500 miners were now working.

In South Wales, the NCB claimed that 136 miners reported to their pits yesterday —the highest total achieved, though there were no "new faces" in the total, which is still a tiny fraction of the area's 20,500 mineworkers. The area NUM said the total was only 117.

Mr McGahey, speaking in Edinburgh, said the union was available for talks but would not be drawn on possible concessions by the NUM. "Let's hope to get them round the table and let's take it from there."

He said he was looking for an early meeting of the senior TUC leaders who comprise the liaison committee with the NUM in the hope that they could exert pressure on Mr Peter Walker, the Energy Secretary, to bring Mr Ian MacGregor, the NCB chairman, back to negotiations.

Mr McGahey gave his answer to demands by the Government and the Board that the union should eccept, in advance of talks, that economic considerations must be taken into account when pits shut. "I find it strange that one party is pressurised to make compromises before they even get to the table. We want to negotiate," he said.

He regretted some miners had returned to work. "I'm hoping they will come back out and learn their lesson—that they have got no future with the Coal Board unless they've got a strong union prepared to do battle to protect their jobs, their children's jobs and the community's jobs," he added.

A report backed by the Scottish area of the NUM says that "weak management" in the NCB had led to a "panic programme" to cut coal production.

Continued on Back Page

Hong Kong appoints Chief Secretary

BY DAVID DODWELL IN HONG KONG

MR DAVID AKERS-JONES, a Hong Kong civil servant with much experience of the Chinese community, was yesterday appointed Chief Secretary of the territory. The post is one of the most powerful in the government, second only to that of the Governor.

The change will trigger a reshuffle only weeks after the signing of the Sino-British agreement to hand formal control of Hong Kong to China in 1997.

Mr Akers-Jones will take over the job from Sir Philip Haddon-Cave, who retires in June, and is a strikingly different personality.

Mr Akers-Jones, 57, a fluent speaker of Chinese, regards Hong Kong as his permanent home and has been consistently optimistic about the territory's post-1997 future. There is possibly no expatriate official in Hong Kong with whom Peking could feel more comfortable.

Mr Akers-Jones has worked in Hong Kong for 20 years. For the past 11 years he was Secretary for the New Territories and then Secretary for District Administration. He has been a main Government link with Hong Kong's grass-roots.

In contrast, Sir Philip Haddon-Cave, who was Hong Kong Financial Secretary for 10 years until 1981, does not speak Cantonese, dislikes Chinese food and privately has expressed grave concern over Hong Kong's future once Britain returns sovereignty to China.

The reshuffle involves creation of the post of Deputy to the Chief Secretary. The post is to be filled by Mr Alan Scott, whose term as Secretary for for Transport has been punctuated by controversy.

Mr Donald Liao will transfer from the Housing Department to become Secretary for District Administration. Mr David Ford, until three years ago Hong Kong's Commissioner in London, will become Secretary for Housing.

Mr Ian MacPherson, who headed the Assessment Office gathering local views on the Sino-British joint declaration, becomes Secretary for Transport.

Man in the News, Back Page

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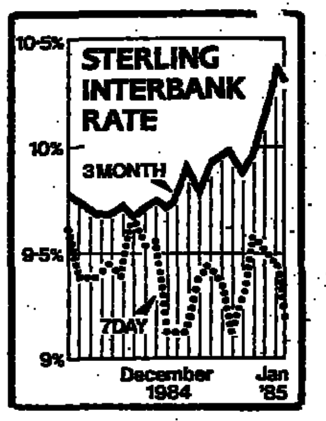
For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086.



Financial markets more stable

By Max Wilkinson, Economics Correspondent

THE LONDON financial markets recovered their poise yesterday after a shaky start to the year dominated by fears that sterling would weaken and interest rates would be forced up.

However, the pound had a better day on foreign exchanges yesterday largely because the dollar appeared to have paused in its upward flight, although it was still hovering close to the record level reached on Wednesday. The pound finished in London at $1.1545, up 40 points on the day.

The dollar's Bank of England Index was 145.6 (1975=100), 0.1 higher at the close of business in London yesterday, with the Sterling Index at 72.9, for a similar rise on its Thursday close.

The pound's steadiness together with prompt and liberal assistance to the money markets by the Bank of England encouraged a slight easing in the important three-month interbank rate which closed at 10⅛ per cent.

Although this remains uncomfortably higher than the UK clearing banks' base lending rates of 9½ to 9¾ per cent, yesterday's narrowing of the gap removed some of the immediate pressure for a rise in base lending rates.

The equity market took heart from these developments and rallied to push the FT Ordinary Index up by 12.3 points to close at 941.0. This partly reversed the steep fall which had taken the index down 23.6

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Unit trust league table and Stock Exchange turnover for 1984, Page 3
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P & O sells Channel routes in £12.5m deal with Euroferries

BY ANDREW FISHER, SHIPPING CORRESPONDENT

P & O FERRIES has decided to cut its losses on the highly competitive cross-Channel market and sell its Anglo-French services to European Ferries for £12.5m.

The deal, announced yesterday, confirmed expectations in the City and the industry that P & O Ferries would leave the cross-Channel market, while keeping its profitable North Sea and Scottish islands operations.

The company has made large losses recently. It is dwarfed on the Channel by both European Ferries' own subsidiary of Townsend Thoresen and Sealink UK in partnership with Continental companies.

Sir Jeffrey Sterling, chairman of Peninsular and Oriental Steam Navigation, the parent group, said the sale "eradicates in one fell swoop a heavy loss-making area in P & O."

He described P & O Ferries as "only the thin ham in the sandwich" among cross-Channel operators, being a small operator between two powerful companies.

The assets being sold by P & O have a book value of £10m. They include five ferries —the Lion, Panther, Dragon, Leopard, and Tiger—on routes to Boulogne from Dover and Le Havre from Portsmouth.

The cross-Channel business employs 1,100 people at sea and on shore in England and France. P & O Ferries lost £5.2m in the first half of 1984 and £4.4m of that related directly to cross-Channel routes.

The services will fit in with those of Townsend Thoresen from Dover to Calais, France, and Zeebrugge, Belgium; and from Portsmouth to Le Havre. Some 14m people, 1.7m cars, and 700,000 lorries pass through Dover each year.

The P & O sale is the latest manoeuvre on the cross-Channel market in a period of intense change for all operators. But while withdrawing from the Channel, the group intends to spend over £40m on a new ferry for the Hull-Rotterdam service of North Sea Ferries.

Its partner in this company, Nedlloyd, of Holland, will do the same. A decision is expected this month, with British Shipbuilders, Japanese and other yards in the running for the work.

P & O is being increasingly squeezed, said City analysts. They pointed to Sealink UK, now owned by Sea Containers, which is adopting a more aggressive and up-market stance, and European Ferries, now ready to invest in new ships.

European Ferries has nearly 40 per cent of the cross-Channel passenger and freight market, taking a broad sweep from Hull round to Plymouth. P & O stands at around 8 per cent, according to Mr Kenneth Siddle, Euroferries' chairman.

Both he and Sir Jeffrey hoped the deal would not be referred to the Monopolies and Mergers Commission. "Sir Jeffrey has got rid of a headache," said Mr Siddle of the deal.

He added that European Ferries planned in the next few weeks to announce new ferry ship orders. Before agreeing the sale after three weeks of talks, P & O had "scoured Europe" for ships to replace its ageing Channel fleet, said Sir Jeffrey. But new tonnage would have cost over £70m.

P & O wanted to bid for Sealink UK when it was up for sale last year by British Rail. But, like European Ferries, it was blocked by the Government.

"If we had been able to buy Sealink, things might have been different. But what choice were we left with?" asked Sir Jeffrey.

Sea Containers, operating from London and registered in Bermuda, paid £66m for Sealink.

Britain accused

ARGENTINA yesterday accused Britain of hindering peace negotiations and raising tensions in the South Atlantic. Reuter reports from Buenos Aires.

The statement was issued to mark the 152nd anniversary of Britain's occupation of the Falkland (Malvinas) Islands, recaptured by a British task force ten weeks after an Argentine invasion in April, 1982.

The Argentine Ministry said unspecified "recent events of public knowledge" showed London was hampering progress towards negotiations over the Falkland Islands, called for by the UN.

IMF trip to Nigeria 'may break deadlock'

By Michael Holman in London and Tony Hawkins in Lagos

A DELEGATION from the International Monetary Fund (IMF) is due to visit Nigeria later this month for what are described as routine Article Four consultations but which could lead to the reopening of deadlocked loan talks.

The talks, held up for over a year due primarily to Nigeria's refusal to devalue the Naira, involve a three-year loan worth up to $2.4bn (£2bn), which would pave the way to a substantial structural adjustment loan from the World Bank.

Article Four consultations take place regularly to discuss technical issues, and do not normally provide the framework for loan negotiations. The IMF team is not empowered to negotiate a programme, but the Nigerian Government could, if it wished, put forward fresh proposals which would be taken back to Washington.

Earlier this week the military administration presented its first full budget since taking office a year ago. It set out a continued austerity programme with imports cut to two-thirds of the 1984 level, itself down on preceding years.

Mr U. K. Bello, the permanent secretary of the Ministry of Finance is scheduled to hold discussions with the Paris Club, an informal grouping of Western creditor governments, later this month on the refinancing of Nigeria's insured trade arrears, believed to total between $2bn-$3bn.

Ruding appointed

Dutch Finance Minister Onno Ruding has been appointed chairman of the Interim Committee of the International Monetary Fund (IMF) in succession to Belgian Finance Minister Willy de Clercq, the Dutch Finance Ministry announced yesterday, **Reuter reports from The Hague.**

Mr Ruding, who as Dutch Finance Minister since 1982 has pushed through a policy of tough spending cuts, will take up the post on January 6. He was nominated for the role last year by the European Community and his appointment had been widely expected.

SENATE LEADERS OPPOSE REAGAN BUDGET STRATEGY

Republicans seek spending freeze

BY STEWART FLEMING IN WASHINGTON

LEADERS OF the Republican Party in the Senate were meeting Mr David Stockman, President Reagan's Budget Director, yesterday following the disclosure that they had moved to undercut the White House and prepare their own budget cutting package.

Mr Robert Dole, Senate majority leader, has already registered his opposition to President Reagan's plan for, on the one hand, draconian cuts in government spending, and on the other leaving untouched the social security system and barely restricting the growth of defence spending.

On Thursday Mr Dole and Senate budget committee chairman Mr Pete Domenici introduced into the Senate a Bill they intend to become the vehicle for the budget-cutting proposals they are preparing as an alternative to the budget President Reagan will send to Congress later this month.

Senator Dole's action virtually assures that, as he has warned, the President's budget will be "dead on arrival" at Congress. It also distances him from a White House budget strategy which he, and many other Republican's in Congress, fundamentally disagree with.

Mr Dole has indicated that his budget plan will be based on a broad ranging freeze of government spending, a freeze which would include a one-year suspension of all cost-of-living increases including those associated with social security allowances, as well as a one-year freeze on defence spending at the current 1985 fiscal year level.

The Senate plan does not envisage the sort of deep cuts in particular programmes which Mr Reagan has tentatively endorsed, but it will aim at the same sort of deficit figure of 2 per cent of gross national product (or $100bn) by 1988. Official projections put the projected deficit between 1985 and 1988 at well over $200bn a year.

The spending freeze proposal by Mr Dole will not of itself reach the target of around $100bn in 1988. But Senator Dole has said that the freeze will be the centrepiece of his plan. The clear implication, and one which was being drawn by some of his colleagues is that at some point the question of tax increases will have to be addressed to raise revenue.

Yesterday's meeting with Mr Stockman was designed in part to try and work out details of a spending freeze to fit into Senator Dole's Bill. The Bill is destined to be one of many budget proposals Congress will be faced with this year.

It remains to be seen how much support Senator Dole can rally for his package once the details are pinned down and how the Reagan Administration will respond.

Reagan faces tough replacement decisions

BY STEWART FLEMING IN WASHINGTON

THE RESIGNATION of Mr Michael Deaver, the White House deputy Chief of Staff, coming hard on the heels of this week's announcement that another of President Reagan's longest serving advisers, Mr William Clark, is leaving the Administration, has set off intense speculation about changes in the balance of political power in the White House.

Together with the anticipated shift of Mr Edwin Meese, White House counsellor, to the Justice Department as Attorney General, the changes mean that President Reagan no longer has by his side any of the three men numbered among his closest personal associates. Their links with him go back a decade and more to his time as Governor of California.

The development is seen as yet another factor weakening the influence of the Conservative faction surrounding the President and reinforcing the position of more pragmatic advisers such as Mr James Baker, the President's Chief of Staff.

The 46-year-old Mr Deaver's strength at the White House has been as an individual with the closest personal relationship with the President, and also with Mrs Nancy Reagan.

He is a brilliant orchestrator of public relations events, particularly for television, a medium which Mr Reagan has been able to exploit better than any of his predecessors with the possible exception of President John F. Kennedy.

In these vital roles Mr Deaver was a crucial figure when it came to catching the President's ear and he is seen as being quite literally irreplaceable.

For this reason some argue that Mrs Reagan will become even more of an influence on the President.

The sudden departure of Mr Deaver and Mr Clark will inevitably raise speculation about whether the two events are linked and whether they are the precursor of a broader shake up.

Mr Lou Cannon, a Washington Post reporter and author of the most authoratative biography of the President, has suggested that there is no love lost between the two men. The earlier resignation of Mr Clark may, he says, have made it easier for Mr Deaver to quit in the knowledge that his resignation would not present Mr Clark with an opportunity to return to the bosom of the White House.

Ethiopia accuses Sudan of assisting airlift

ETHIOPIA yesterday accused Sudan of collusion with Israel in what it called illegal trafficking in Ethiopian nationals, raising fears that the remaining 12,000 Falasha Jews in the country will now be prevented from leaving, **Reuter reports from Addis Ababa.**

A Foreign Ministry statement condemned a "conspiracy between the Sudanese Government and foreign powers in the illegal trafficking of Ethiopians from Sudanese territory to Israel and other countries.

The statement did not mention the Falashas — the black Jews of Ethiopia — by name, but Israeli officials say about 12,000 of them have been brought to Israel.

The statement said it was common knowledge that a large number of Ethiopians had recently been crossing the border into Sudan as a result of a drought or due to "forced persuasion" by anti-Ethiopian elements operating in that country.

It called upon Sudan and other countries involved to stop "this illegal and clandestine operation which is a gross interference in the internal affairs of Ethiopia."

In Israel officials voiced deep concern that publicity might endanger the dramatic airlift and ordered an inquiry into press leaks of the operation.

The operation, an open secret in Israel for many months, has been reported prominently in the world's media since Israeli censors allowed foreign correspondents to file news of it yesterday.

Immigration officials estimate more than 12,000 black Jews remain in the mud hut villages of Ethiopia's Gondar region and are anxious to rescue them from famine and civil war in the Horn of Africa.

State radio quoted Ethiopian immigrant leaders as saying the premature leaks could have grave consequences for the community and the airlift should have remained top secret until the last Jew was out.

Mr Yehuda Dominitz, director of the Jewish Agency's immigration department said an inquiry had been ordered into the leak.

Some newspapers have suggested that an interview Mr Dominitz gave to a West Bank settlers' magazine, Nkuda, set off the disclosures.

Israel and Ethiopia have not had diplomatic ties since a pro-Soviet Marxist regime took power in Addis Ababa 10 years ago.

More East Germans end embassy sit-in

A GROUP of 17 East Germans squatting in Bonn's Prague embassy in an attempt to gain a passage to West Germany went home yesterday, West German diplomatic sources said, Reuter reports from Vienna.

This leaves 11 of a group which at the height of the sit-in numbered more than 150 would-be emigrants.

Some of those who left yesterday had to contact East Germany's Prague embassy before they left to get their papers in order.

The East German authorities have said they will not be punished and can apply for regular exit visas at home.

Pisani's proposal

France's special envoy in New Caledonia, M Edgard Pisani, will propose next week that the Pacific territory becames an independent state with special ties to France, Le Nouvel Observateur, the French weekly, reported yesterday, Reuter reports from Paris.

Le Nouvel Observateur said M Pisani would propose association with France for a period of five or 10 years under article 88 of the French constitution.

Taiwan assured

CHINA yesterday assured Taiwan it would not harm the nationalist Chinese island's lucrative links with Hong Kong when Britain hands the colony back to Peking in 1997, Reuter reports from Peking.

The pledge was seen as the first explicit statement of China's intentions towards Taipei's Hong Kong interests after implicit guarantees written into last month's Sino-British pact on Hong Kong.

Kampuchean warning

GUERRILLAS OF the Khmer People's National Liberation Front (KPNLF) yesterday warned Kampuchean civilians to prepare for a Vietnamese attack against their major base near the Thai border, Reuter reports from Nong Somet, Thailand.

The KPNLF said an attack on the Ampil camp was expected to coincide with the sixth anniversary of Hanoi's invasion of Kampuchea to oust the Khmer Rouge regime.

Appeal in Quebec

THE QUEBEC Government will appeal a Quebec Superior Court judgment that section 58 of the French Language Charter, dealing with commercial signs, is inoperable and in contravention of the province's Charter of Rights.

Section 58 states that languages other than French must not be used in exterior commercial signs. The Quebec Superior Court ruled that the section contravenes freedom of expression as guaranteed in the Charter.

Singapore rebuttal

The opposition Workers' Party yesterday rejected a Singapore Government offer to give one of its defeated election candidates a seat in parliament.

Mr Joshua Jeyaretnam, Workers' Party leader, one of two opposition candidates elected in last month's polls, said his party considered the offer a political gimmick by the ruling Peoples Action Party (PAP).

Moscow apologises to Norway, Finland over stray missile

BY OUR OSLO CORRESPONDENT

THE Soviet ambassador to Norway confirmed yesterday that a Soviet "flying cruise object" went astray a week ago due to "technical" failure and that it possibly had crossed over northern Norway.

His counterpart in Helsinki apologised to Finland over a "possible accident" involving the object.

At a meeting in Oslo with Mr Sven Stray, Norway's Minister of Foreign Affairs, the Soviet Ambassador, Mr Dmitri Poljansky, expressed regret over what happened. He confirmed that the target, believed in Norway to have been a cruise missile, was launched during a naval exercise in the Barents Sea, and he said that the Soviet Union would try to avoid a recurrence.

According to the ambassador, the target carried no kind of armament.

Mr Stray said that the Soviet explanation was "positive," not only for Soviet-Norwegian links but also for East-West relations.

In a Norwegian protest, handed over to the Foreign Ministry in Moscow earlier in the day, the Soviet Union was asked for an explanation and told to take "effective measures" to avoid a repeat of the incident.

The protest, handed over by Mr Dagfinn Stenseth, Norway's Ambassador to the Soviet Union, described the incident as a "grave violation of Norwegian air territory," and said the flying object had jeopardised both human lives and property.

Meanwhile, the search for the so-called missile went on in northern Finland, where it is assumed to have crash-landed after crossing over Norway. Norwegian authorities gave a positive answer to a Finnish request for detailed information which could help track down the assumed remains of the missile.

Mr Anders Sjaastad, Norway's Minister of Defence, said Finland had been informed by Norway about the incident only five days after it took place. The reason was, said Mr Sjaastad, that Norway wanted to ensure that the Finns were given correct information.

Concessions at arms talks 'must come from U.S.'

THE COMMUNIST Party daily newspaper Pravda said in a front-page editorial yesterday that the Soviet Union has displayed a readiness to reach agreements at the talks between the U.S. and Soviet Foreign Ministers in Geneva next week and that concessions are "the business of the American side," **AP reports from Moscow.**

The editorial reinforced the themes of the Kremlin's public stand toward the meeting between Mr George Shultz and Mr Andrei Gromyko, stressing space weapons as being of "prime significance" and trying to place the responsibility for an easing of world tensions on the U.S.

The editorial began with a harsh attack on U.S. foreign policy. "People are watching with alarm the dangerous policy of aggressive quarters of imperialism, U.S. imperialism above all, which stake on further intensification of the arms race," it said.

But Pravda added that the Soviet Union is ready for new arms talks. "Historical experience teaches that it is necessary to fight war before it starts," the paper said.

Pravda again sought to shift onto Washington the responsibility for progress at the meeting between Mr Gromyko and Mr Shultz next Monday and Tuesday.

"The businesslike, specific proposals of the USSR form a realistic programme for ridding the European nations and the whole of mankind of the threat of nuclear war," the editorial said.

"The Soviet Union clearly sees what an important meaning the correction of Soviet-American relations has for the whole world."

Polish officer says he felt exploited by superior

A POLISH security officer charged in the killing of a pro-Solidarity priest testified yesterday he felt exploited by his superior who promised he would not be prosecuted and said he co-operated with investigators because he could not live with the "frightful and cruel" slaying on his conscience, **AP reports from Torun.**

The fifth day in the trial ended with Lt Waldemar Chmielewski still testifying in the case in which he and three other secret police officers are charged with the October abduction and killing of Father Jerzy Popieluszko.

Lt Chmielewski repeated the claims of the only other defendant to testify so far, Lt Leszek Pekala, that their commanding officer assured him they would not be caught because members of a commission investigating the slaying were "good guys."

He said among the names of the commission identified by his superior in this context were Gen Zenon Platek of the Interior Ministry, who has since been suspended from duty for lack of supervision, and Zbigniew Jablonski.

Jablonski's rank and role at the ministry were not immediately known although he was reported to have been Lt Chmielewski's former superior in the ministry's so-called fourth department, which is responsible for contacts with the Roman Catholic church.

Col. Adam Pietruszka, 47, who is on trial in the case on charges of aiding and abetting the killers, was also a member of the commission before his arrest.

All four defendants, Lt Chmielewski, 29, Lt Pekala, 32, and their commanding officer, Capt Grzegorz Piotrowski, 33, are possible death penalties if convicted.

Fr Popieluszko, an outspoken defender of the banned Solidarity trade union, was kidnapped on October 19 on a highway north of Torun. Police divers pulled his bound and gagged body from a reservoir south of the city 11 days later.

Foreign Office official to visit Luanda for talks

BY MICHAEL HOLMAN

A FOREIGN OFFICE official accompanying Sir Geoffrey Howe, the Foreign Secretary, on his current East Africa tour is expected to visit Luanda to discuss the plight of three British hostages captured by guerrillas in north-east Angola.

Miss Tessa Solesby, head of the Central Africa desk, will fly next week to Luanda from Lusaka, the second stop of a trip which takes in Kenya, Zambia and Zimbabwe, for what is described as a familiarisation visit scheduled well before Unita rebels raided the diamond mining centre of Kafunfo last weekend.

It will nevertheless provide an opportunity to hold talks on the hostages with the Angola Government. The three men are members of a group of 22 foreigners seized by the rebels.

Mr Tito Chingunji, a senior spokesman for the rebels, confirmed in London yesterday that the hostages are to be marched through the Angolan bush.

Mr Chingunji spent 90 minutes at the Foreign Office with Mr Ewen Fergusson, the senior official on Africa. Mr Chingunji had requested the meeting.

Mr Fergusson "sought and obtained" assurances that Unita would do all in its power to ensure the safety and well-being of the Britons.

The Foreign Office said Mr Chingunji confirmed that the hostages will be marched south through the bush to a Unita base and then arrangements will be made to return them to Britain.

It is thought the Britons being held are engineers Mr Glen Dixon, from Leicestershire, and Mr John McMichael, and Mr Paul Huggins, who was loadmaster on a TransAmerica transport aircraft which was destroyed in Saturday's fighting.

U.S. and EEC finalise steel quota accord

BY PAUL CHEESERIGHT IN BRUSSELS

THE EEC and the U.S. have overcome last-minute difficulties and are bringing into force a steel pipes and tubes restraint agreement, the main elements of which were negotiated before Christmas.

The main provision of the agreement is that EEC steel suppliers will hold their pipes and tubes sales in the U.S. market to 7.6 per cent of demand. A provision for extra sales has been agreed where supplies of a particular product are not able to be met by domestic U.S. suppliers.

Talks have been taking place all week on the future of EEC stocks already held in U.S. warehouses as a result of the Reagan Administration blocking shipments from the end of last November to the close of 1984.

Reagan Administration officials wanted these stocks, estimated at between 100,000 and 200,000 tonnes, to be counted against the EEC's 1985 quota. The EEC held they belonged to 1984.

European Commission officials said yesterday that a compromise had been worked out, meaning that the overall agreement lasting two years, came into force from January 1.

However, in Washington, the U.S. trade representative's office denied that agreement had been reached on the stocks question. There is no formal agreement, it said.

The Commission conceded that nothing had yet been signed but added that the last details were being finalised and the matter would be settled by an exchange of letters in the next few days.

The accumulated stocks will be permitted entry to the U.S. at the rate of one-twelfth of a normal year's trading plus a provision for short supply. Effectively, this means that around 60,000 tonnes can go on to the market. Any sales much over that figure will have to be the subject of consultations between the U.S. and the EEC.

By agreeing the entry of a portion of the stocks and promising further talks the two sides have fudged the issue in favour of bringing into force the wider agreement.

They have quietened what was turning into a squabble with implications for the smoothness of transatlantic commercial relations.

The original U.S. decision to block pipes and tubes shipments had sent the EEC scurrying to the General Agreement on Tariffs and Trade in Geneva, presaging a serious dispute about the interpretation of a 1982 exchange of letters.

Brussels told to tighten food aid efficiency

BY OUR BRUSSELS STAFF

THE EEC's Court of Auditors has urged the new European Commission to tighten up the management of the Community's food aid programmes.

In an analysis of the way the Commission has been handling food aid and development programmes it advises the Commission "to propose both rules and administrative procedures (in food aid) for at last rectifying the defects which keep recurring and even worsening at the expense of the poorest countries of all."

Criticism by the Court of Auditors of the Commission is nothing new, but its latest report, covering 1983, has been given extra sensitivity by recent events:

- The famine in Ethiopia and the chronic food problems of the Sahel region;
- The renegotiation last year of the Lome Convention, a trade and development pact with developing countries of Africa, the Caribbean and the Pacific, that gave ample opportunity for all EEC development shortcomings to be aired.

M Jacques Delors heads the Commission which takes over in Brussels this weekend. Such indications of its intentions which have emerged suggest that the Commission will work towards handling Community resources more efficiently. If that is the case it is likely to take seriously the advice of the Court of Auditors.

The court found that in 1983 only 42 per cent of the cereals, 36 per cent of the milk powder and 26 per cent of the butter oil the Commission had intended to donate to developing countries was delivered.

"Community aid frequently arrives late or at the wrong time," the court said. Countries like Sri Lanka, Tanzania, Zambia, Ghana, Somalia and Madagascar had not by the end of 1983 received any of the food aid specified for them in the annual programme.

The Commission riposte is that two thirds of the time taken to deliver food aid is taken up by the European Council of Ministers, the European Parliament and the potential recipient in making decisions.

In the broader aid field, including help for capital projects and technical assistance, the court found that the Ten were often late in making their contributions to the European Development Fund.

In 1983, Italy and Ireland were 44 days late on average, Luxembourg 34 and Belgium 29. However, the Commission said the member states speeded up their payments in 1984.

Commission approves plan for freer travel

By Our Brussels Correspondent

THE European Commission led by M Gaston Thorn bowed out yesterday with a final session at which it made two decisions relating to an area which has become of increasing concern over the past year—internal freedom within the Community.

It approved proposals for making it easier for individuals to cross frontiers and for companies to merge across national boundaries. If adopted later by the Council of Ministers, the proposals would become Community law.

The essential point about individual travel would be to extend the Franco-Benelux and Benelux-German arrangements for motorists to other forms of frontier crossing. Free passage would be the norm and controlled only by spot checks.

The Commission sought to come to terms with different national laws and regulations controlling mergers by suggesting a scheme which would synchronise technical procedures, covering, for example, the announcements which have to accompany merger plans.

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UK NEWS

Townsend Thoresen resumes sailings

TOWNSEND THORESEN, the ferry company, was yesterday able to resume cross-Channel sailings to Calais after French police cleared the port for its operations.

Striking French seamen continued to halt sailings of Sealink UK, whose partner, French Railways (SNCF) is involved in a dispute with its workforce over possible job losses.

Sealink has been able to run services only from Dover to Ostend in Belgium. Passengers wanting to go to Calais, Boulogne, Dieppe from Newhaven and Dunkirk have had to switch to other services or routes.

The dispute centres on SNCF's plans to make the Saint Germain ferry in Dunkirk a freight-only ship. SNCF said no lay-offs were planned but unions disagree.

Throughout this week's dispute both P&O Ferries and Hoverspeed, the hovercraft company, have been able to run normal services to Boulogne and Calais.

Townsend Thoresen, part of European Ferries, has been switching passengers on to its route to Zeebrugge in Belgium or to rivla companies' services.

Freight traffic this month is usually fairly heavy, picking up after the New Year, but passengers out of Dover, the most important UK cross-Channel port, number only some 400,000 against 2m or so in each of the peak months of July and August.

Trafalgar House to shed 300 jobs

MORE THAN 300 jobs are to be lost at two Trafalgar House engineering works on Teesside.

The Redpath Engineering foundry and machine shop at Ormsby is closing with the loss of more than 200 jobs and the company has called for about 90 redundancies from the 1,000-strong workforce at Cleveland Bridge and Engineering's works in Yarm Road, Darlington.

The Redpath Engineering foundry, acquired as part of the Redpath Dorman Long business from the British Steel Corporation in 1982, has specialised in casting coke oven doors, demand for which has fallen.

Cleveland Bridge makes structural steel fabrications. UK orders are down and the company has not been able to bring in new business to replace a number of recently-completed overseas contracts as quickly as it had hoped.

Global Holidays cuts summer prices

GLOBAL HOLIDAYS, the UK's sixth largest tour company and a subsidiary of Great Universal Stores, yesterday announced price reductions totalling £1m in its already-published summer schedules.

About 50,000 holidays at more than 100 hotels in 10 countries, including all the main Spanish resorts, will be affected and the price cuts, applying throughout the summer, will range up to £70 per person.

Global's decision follows the move last month by Horizon, Britain's third biggest tour operator, to reduce its summer brochure prices by an average of 3 per cent, making 200,000 of the 450,000 holidays on offer cheaper.

Mr Roger Corkhill, managing director of Global, said yesterday: "We are not trying to start a price war. There is too much instability already, but we have looked at other people's prices and this is what we have decided to do.

Littlewoods stores in board shake-up

A BOARDROOM shake-up in the retail division of the Littlewoods Organisation, one of the largest privately-owned companies in the UK, was confirmed by the company yesterday.

Mr Anthony Phillips and Mr David Kirkman, the managing and buying directors respectively, of Littlewoods chain stores, left the company on Thursday.

It is believed there had been a boardroom policy row over the company's retail strategy in face of intense competition in the high street from specialist retailers and chains

Joseph holds out carrot over schools reforms

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SIR KEITH JOSEPH yesterday offered to increase education spending from 1986 if teachers' unions, local authorities and other educational interests got together to give better value for money.

But the Education Secretary made clear in a speech in Chester that if there was no response to his carrot of extra funding, he would ply the stick in his determination to make the education service more flexible and efficient. For instance, by ordering appraisal of teachers' performances.

Sir Keith told the North of England Education Conference, that spending for 1985-86 was already budgeted, but "where the balance should be struck for following years is a matter for debate."

He recognised that speedy fulfilment of his plans for reshaping schools' curricula and examinations would depend on the Government finding money, especially to employ the necessary teachers. "But I must ask my partners in the education service to make the best possible use of the teachers whom we can afford to employ," he said.

Sir Keith said there was a need for better training and to deploy teachers flexibly where they were most needed, both in schools and in higher education.

"I believe that a solution is most likely to be found by way of reforms which link higher pay to high quality performance — in the classroom and in the management of the schools."

One such reform was systematic appraisal of teachers' performances. Sir Keith said he hoped teachers' unions would agree to this. Talks on appraisal broke down last month. But Sir Keith said that if appraisal could not be introduced voluntarily, he might require employers to appraise teachers' performance. "That requirement might be accompanied by guidance on how the appraisal might be carried out."

The aim was not primarily to get rid of "the very small number" of incompetent teachers. "I am concerned with the whole range of positive advantages that would flow from applying to the teacher force standards of management which have become common elsewhere," Sir Keith said.

Appraisal could help individual teachers to advance profesionally since "to be fully effective an appraisal system would have to be complemented by better arrangements for the individual teacher's career development

Mr Giles Radice, Labour spokesman on education, accused Sir Keith of making "clumsy threats to introduce by legislation payment-by-results and the sack." But Mr Clement Freud, Liberal educational spokesman, said Sir Keith had moderated his stance on appraisal, and urged teachers' unions to seek agreement with the educational authorities on the issue.

Mr Fred Jarvis, general secretary of the National Union of Teachers, said his union was not opposed to appraisal if it was linked with better arrangements for teachers' professional development.

Approval for £33m plan to raise Buchan oil output

BY IAN HARGREAVES

BRITISH PETROLEUM and its partners in the North Sea's Buchan field yesterday received government approval to spend £33m to raise the field's output. Modifications to the floating platform, out of service for maintenance since October, are under way at Howard Doris's oilrig yard, Loch Kishorn, Scotland.

An extra 11m barrels of oil will be extracted from Buchan by injecting a stream of natural gas into the oil well. This lightens the oil and increases pressure in the reservoir.

When Buchan entered production four years ago BP estimated recoverable reserves from this complex reservoir at 50m barrels. Today it estimates reserves at 67m barrels.

BP said the decision to invest more in Buchan had been planned for some time and bore no relation to Mr Nigel Lawson, the Chancellor's review of taxation for incremental oil production schemes which are under way.

Mr Lawson is expected to announce in the Budget the results of the review. The oil industry hopes these will result in tax concessions for this type of investment.

Several techniques are available to increase oil production from declining reservoirs, but most are costly. Gas injection is a method used in a few North Sea fields and one of the simpler options available. Whether it will qualify for tax concessions after the Budget is not known.

Before the Buchan platform was taken out of service it was producing 32,000 barrels of oil daily. It is expected to resume production at this level in April

Buchan is situated 96 miles east-north-east of Aberdeen and 29 miles from BP's large Forties Field. The partners in Buchan are BP, Charterhall, Clyde, Charterhouse, Goal, Lochiel, Transworld, Sulpetro, Texaco and Tricentrol.

Californian wine collapse 'caused losses at Crocker'

BY DAVID LASCELLES, BANKING CORRESPONDENT

A SUBSTANTIAL part of the huge losses incurred last year by Crocker National Bank, Midland Bank's California subsidiary, were caused by the collapse of the California vineyard business which Crocker had financed to the tune of several hundred million dollars, according to a report by City stockbroker de Zoete and Bevan.

Crocker backed investment in the Thompson seedless grape, a high yielding strain which can be eaten fresh or used for wine. Thousands of acres were planted during the wine boom of the late 1970s.

But a wine lake appeared, the strong dollar triggered a flood of cheap European wine imports and the Thompson seedless was overtaken by two improved strains, one from Turkey. Many of Crocker's customers were driven out of business and the value of their security slumped.

De Zoete & Bevan said that California vineyard values peaked at $20,000 (£17,460) an acre and had since fallen to $6,000. It costs another $700 to clear the acreage of unwanted vines.

De Zoete's bank analysts, who recently visited California, say that new U.S. tax proposals "may remove the tax shelters that drew lawyers and doctors and Crocker into the snare."

Midland Bank's share price recovered slightly yesterday after the sharp fall that greeted news of Crocker's $324m loss for 1984. It closed at 338p, up 3p.

The market was still alive with reports of a possible take-over of Midland whose market capitalisation is about £800m, or less than half its net asset value. However, it did not seem likely that the Bank of England was actively seeking a bidder.

The Bank is opposed to a foreign take-over of a large UK clearing bank—which greatly narrows the field of potential purchasers—though this would not exclude a merger with a smaller UK bank or an industrial group.

Mirror in sales drive after bingo 'failure'

By Sue Cameron

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, yesterday launched a readership drive after the failure of a costly promotion campaign to bring about a sustained increase in the circulation of the Daily Mirror.

The last official figures from the Audit Bureau of Circulation show that the Mirror had average daily sales of 3.505m between April and September last year, 2.5 per cent up on 1983.

Last night Mr Maxwell admitted that in the last two weeks sales of the Mirror had fallen 200,000 to about 3.3m. He stressed, however, that this was a purely seasonal drop and insisted sales would pick up later this month.

Mr Maxwell said the next ABC figures—due in two weeks—would show sales of the Mirror in the second half of last year averaged 3.493m a day. This still represents a fall on the April to September 1984 figures.

The drop in circulation, although small, follows heavy promotion of the Mirror through its £1m bingo-style game. In September Mr Maxwell cut the Mirror's cover price by 1p from 17p to 16p. The circulation is believed to have peaked in October at 3.683m after the price cut and the promotion of the Who Dares Wins £1m game.

Towards the end of 1984 the price of the Mirror went back to 17p. And it would seem that in spite of substantial sums on promotion, the Mirror is not sustaining its circulation increase.

Mr Maxwell, whose Pergamon Press bought MGN from Reed International for £113.4m last July, said when he took over he planned to make the Mirror a more efficient and attractive paper which would win readers from its rivals. In spite of his substantial efforts, it is understood the Mirror's circulation last month was only 0.7 per cent higher than in December 1983.

The Sun, owned by Mr Rupert Murdoch's News International group and the Mirror's main competitor, is thought to have lost 1.4 per cent of its circulation between December 1983 and December 1984.

Its sales last month are thought to have been 3.987m—down on the 4.15m ABC figure for April to September 1984. But sales of the Daily Star, part of Express Newspapers, are believed to have risen by 13.2 per cent over the last year.

The Mirror group's latest circulation drive will involve Mr Maxwell, Mr Mike Molloy, the editor, and star writers from the newspaper touring England and Wales on a special "campaign train."

At each stop, they will ask readers and potential readers what they would like to see in the paper. Special editions of the Daily Mirror covering the regions to be visited will be published at each city.

Cable bids interest put to test

By Raymond Snoddy

THE CABLE Authority has written to 40 companies to ask how interested they are in bidding for new cable television franchises.

The authority, which is the regulatory body for the new, multi-channel cable industry, has asked for replies by the end of this month.

It hopes to be able to advertise the first five franchises in the second round by the end of February. Thereafter the authority aims to grant five new franchises every four months.

The second round of franchises will be very different from the first, in which applicants were able to specify any area of the country but were heavily encouraged to offer high technology and the cabling of up to 100,000 homes.

In guidelines to second round applicants the authority says: "The application of advanced technology, although remaining a factor that will be taken into account in the franchising decision, will not represent the central issue which was the justification for undertaking any pre-legislative franchising." ...

...The Cable Authority will choose the areas to be advertised and seek the views of local authorities and residents before making a decision. It also plans to stipulate neither a maximum nor a minimum size for franchises before it hears first "what proposals are put forward by prospective applicants."

The new flexibility probably reflects the difficulties experienced by many of the 11 cable operators in the first pilot scheme.

Andrew Gowers on RSPCA protests against the fashion industry

Fur starts to fly over booming mink trade

AS BRITAIN shivers through its colder weeks, the country's large and lucrative fur trade is under unprecedented attack. Animal welfare supporters, protesting at alleged cruelty in the rearing and trapping of mink and other creatures for their fur, are out to cut demand for the products by one-third in the next three years. This demand has increased dramatically over the last decade.

The campaign, the biggest mounted by the Royal Society for the Prevention of Cruelty to Animals, has been taken to more than 100,000 homes this winter and the society hopes to bring it to as many as a million next winter.

Yesterday, protest reached the heart ofthe fashion industry, as a group of models handed in a complaint to Vogue magazine for promoting fur as a status symbol.

Fur breeders, manufacturers and traders are worried. Although none admits to believing that the RSPCA will achieve its target, they are mindful of the effects of similar campaigns in some Continental European countries.

In the early 1980s, publicity for the anti-fur cause in Switzerland reduced consumption dramatically for at least two years, although manufacturers claim sales are back to previous levels. In the Netherlands, animal rights supporters have managed to provoke a more lasting slump.

The RSPCA has been stung into action this season by what it sees as increasing moves to popularise fur. "Whereas before it was a luxury high-priced product, the industry is now trying to get into chain stores. That could mean the involvement of a great many more animals." Ms Liz Coates, from the society, said.

Those in the trade admit readily that it has undergone a revolution in Britain in recent years.

"Fur used to be a small, exclusive business," Mr Michael Edelson, managing director of Edelson Furs, one of Britain's largest fur companies, said. "But the advent of manufacturers in the Far East — especially Hong Kong, Taiwan and South Korea — gave us the ability to sell at much lower prices. From 1972 to 1982, growth in the retail fur trade was probably tenfold."

Roger Taylor

Models Christie Stone (left) Lyndsay Neil and Janine James (right) at yesterday's protest over Vogue magazine

Estimates of the size of the British retail market now range between £40m and £100m a year. A mink coat sells in department stores — the main outlet — for about £1,500, the same price as more than 20 years ago.

As Mr Hugh Dwan, managing director of the Hudson's Bay Company in London (part of the world's largest auction house group), points out: "There are lots of people now who can afford £1,500. There weren't too many in 1960."

Nevertheless, in spite of the arrival of furs in outlets such as British Home Stores, sales have been levelling off in the past two years.

Mr Edelson says this is entirely unrelated to anti-fur feeling. "All businesses are cyclical, and we've had our boom. The RSPCA is just trying to take the plaudits for a natural levelling-off."

This season, sales were sluggish at first, but they have picked up considerably since the weather turned cold, he says.

However, the RSPCA campaign has only been running a month, and Mr Mike Smithson, its director, is determined to step it up sharply next winter.

The society's main objection to the fur trade is its intensive farming methods, which it says keep normally hyperactive animals such as mink cooped up in inhumane conditions.

Although Mr Smithson stresses that the society has long objected to all intensive animal farming, he says fur-breeding is less morally defensible than rearing livestock for food—because the creatures involved are basically wild animals and because the purpose of breeding is to pander to human vanity.

For their part, Britain's small band of 70 fur breeders, who produce 300,000 mink pelts a year, deny strenuously that their business entails cruelty.

"They're trying to make out that it's like production of battery hens," Mrs Anne Mundell, a mink farmer in Scotland, said. "That's simply not true. No mink farmer in this country has ever been in trouble for cruelty."

Others in the trade mutter about the RSPCA campaign being the result of "entryism" into the society by radical animal liberationists and other fringe groups.

Whatever the motives, the trade is trying to gear itself for a vigorous publicity campaign to counter the RSPCA.

"We are undoubtedly going to have to reorganise our public relations effort substantially," Mr Dwan says. "Up to now we've concerned ourselves with promoting fur. Now we're going to have to tell people exactly how fur is produced."

Much more is at stake than the retailing and breeding ends of the industry in Britain. London is also the world's biggest fur-trading centre, the brokers and auctioneers based in an obscure warren of alleyways between the City and the Thames. Its turnover is said to total about £400m a year, about half of which may be retained in Britain.

The trade is riding buoyantly on a wave of increasing demand for fur in Japan. But the auctioneers, well aware that this will not last for ever, are keeping a weather eye on developments in Britain and the big European markets.

British fund is top unit trust performer

BY GEORGE GRAHAM

A FUND investing in Britain topped the league table for unit trust performance in 1984, edging out the overseas specialist trusts that have dominated in recent years.

Manulife High Income, launched in September 1983 by the unit trust arm of Manufacturers Life Assurance, appreciated by 54.2 per cent over the year, according to figures compiled by two magazines, Planned Savings and Money Management. The fund is still relatively small, its £1.75m dwarfed by second-placed Fidelity Japan, with £96.8m.

Overall, however, unit trust performance last year was disappointing. Only 13 per cent of the 596 unit trusts monitored by Planned Savings outperformed the FT-A All Share index, compared with 64 per cent in 1983.

Seventy funds managed to lose their investors money over the year, predominantly those invested in gold, commodities, natural resources, Australia and North America.

In 1983 only one fund, Britannia Gold & General, lost money. Last year it lost still more, and was edged out of bottom place only by Chieftain Basic Resources, which declined 21 per cent in value.

TOP 10 UNIT TRUSTS

Value of £1,000, offer to offer price, net income reinvested

Place	One year	Value	Three years	Value
1	Manulife High Income	1,542	Fidelity Japan	3,346
2	Fidelity Japan	1,503	Equity & Law Higher Income	2,775
3	Gartmore Hong Kong	1,476	MLA Unit Trust	2,745
4	Oppenheimer Income & Growth	1,463	Mercury Recovery	2,615
5	M&G Midland	1,444	Britannia Smaller Companies	2,611
6	Wardley UK	1,438	Schroder Smaller Companies	2,609
7	Key Equity & General	1,433	EFM Tokyo*	2,600
8	Vanguard Special Situations	1,431	Royal London Capital Accumulators	2,578
9	Govett Japan	1,428	M&G American Recovery	2,538
10	Fidelity Growth & Income	1,418	Barclays Unicorn General	2,527

* Formerly Crescent Tokyo

Source: Money Management

Seven of the top 10 unit trusts in 1984 named by both magazines were invested predominantly in the UK, with the buoyancy of the British stock market lifting performance towards the end of the year. Far Eastern funds took the remaining three places.

Income funds fared well as UK company profits recovered. Ten of the 25 best performing unit trusts fall into the income category, and UK equity income funds as a group averaged 29.1 per cent growth last year, according to Planned Savings.

International unit trusts achieved an average gain of 11.3 per cent, while North American funds advanced 6 per cent. Australian and commodity funds both made net losses on average.

Over the longer term, funds invested overseas dominate the rankings, with Japanese and Far Eastern unit trusts taking half of the top ten places over four years and six years, according to Planned Savings.

Top performer over four years was Crescent Tokyo, a £60m fund re-christened at the start of this year as EFM Tokyo. It recorded 273 per cent growth over the four-year period.

However, the outstanding performer over six years was a UK fund, MLA; its 569 per cent growth is way above its nearest rival, Oppenheimer International Growth, which grew by 387 per cent in the period.

MLA's main growth was achieved while it was still a small fund. It has increased to £22m with some heavy life insurance-linked marketing, and its 30.7 per cent growth in the last year was only slightly better than the FT Actuaries All Share index.

Among the unit trust management groups, Gartmore did well with four funds included in the top 50 performers of 1984. Stockbroker Capel-Cure Myers had three funds in the top 20, two Vanguard trusts and Key Equity and General.

Over six years Henderson had five funds in the top 50, M and G four, and GT, Barrington Schroder, Britannia and Framlington three each.

STOCK EXCHANGE BUSINESS IN 1984

Record turnover shown in all sectors

BY GRAHAM DELLER

STOCK EXCHANGE turnover was at record levels in all sectors during 1984. Business in equities showed the largest increase, rising 30.3 per cent to £73.12bn as investors all but ignored the damaging effects of the prolonged miners' dispute and the steady decline of sterling and were instead encouraged by the trend towards lower transatlantic interest rates.

The number of bargains transacted in ordinary shares increased slightly to 4.85m against the 1983 total of 4.73m. That, however, was still well short of the record of 6.7m in 1972. The average value per equity bargain was £15,250—a substantial increase on last year's £11,900. The Financial Times turnover index for ordinary shares registered a monthly average of 1,087.3 compared with 834.7 in 1983.

The FT Industrial Ordinary Share index rose 176.6 over the year to finish at an all-time peak of 952.3.

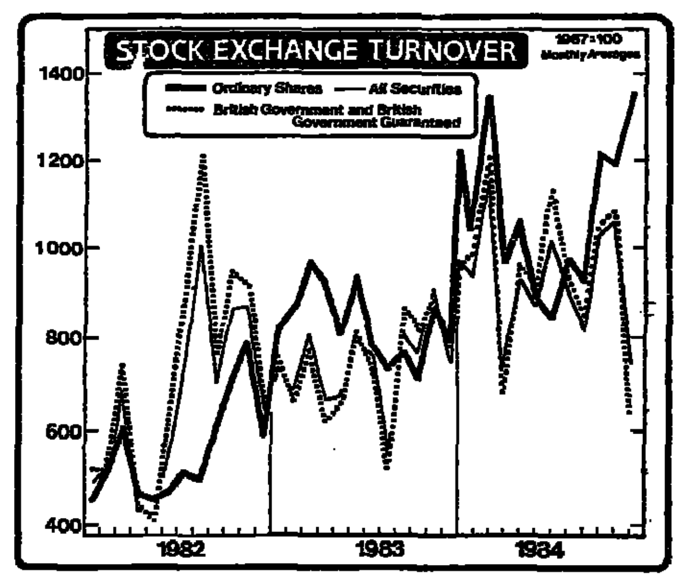
Business in gilt-edged stocks showed a commensurate upturn, rising 27.6 per cent to £268.68bn, although the number of bargains transacted fell to 822,248 from 1983's 867,298. The monthly average of the Financial Times turnover index for government securities was 947.6 compared with 742.4 in 1983. Gilt-edged prices showed only slight alteration on balance over the year and the FT government securities index eased only 1.41 over the period to 81.71.

Turnover in all securities last year increased by 26.8 per cent to a record £364.68bn. The Financial Times turnover index for all securities averaged 931.2, against 734.4 in 1983.

Equity business in December, traditionally a subdued month, reached a peak although there were only 19 trading days in the month, three fewer than in November.

Small private selling of BT was easily absorbed by willing institutional buyers, and consequently turnover in ordinary shares last month rose 13.4 per cent, or £0.9bn, to £7.60bn. The Financial Times turnover index for ordinary shares attained an all-time high in December of 1,355.5 compared with November's 1,194.8.

Overall turnover in December fell 30.6 per cent, or £10.67bn, to £24.18bn. The Financial Times turnover index for all securities last month was 740.8.



DECEMBER 1984

	Value £m	% of total	No. of bargains	% of total	Average daily value £m	Average bargain value £000s	Average no. of daily bargain
BRITISH FUNDS							
Short dated							
(5 years or less to run)	8,912.8	36.9	20,110	3.5	469.1	443.2	1,058
Others (over 5 years)	6,132.1	25.4	29,210	4.9	322.7	209.9	1,537
TOTAL	15,044.9	62.3	49,320	8.4	791.8	305.0	2,595
IRISH FUNDS							
Short dated							
(5 years or less to run)	493.6	2.0	962	0.2	26.0	513.0	50
Others (over 5 years)	468.7	1.9	1,398	0.2	24.7	335.3	74
UK LOCAL AUTHORITY	277.7	1.2	2,695	0.5	14.6	103.0	142
OVERSEAS GOVT	94.7	0.4	1,389	0.2	5.0	68.2	73
OTHER FIXED INTEREST	199.6	0.8	17,896	3.0	10.5	11.2	942
ORDINARY SHARES	7,596.5	31.4	516,554	87.5	399.8	14.7	27,187
TOTAL	24,175.6	100.0	590,214	100.0	1,272.4*	41.0*	31,063

* Average of all securities

Enterprise boards may buy BL coach plant

By John Griffiths

ENTERPRISE BOARDS from Leeds and West Yorkshire councils, with former Leyland Bus employees, are negotiating with BL to acquire its Charles H. Roe coach-building works, Leeds, closed last May with the loss of 450 jobs.

The potential deal involves acquisition of the factory and some machinery, and a technical agreement with Leyland. By this the revived concern would develop and build double-decker buses on chassis supplied by Leyland.

Nearly half the former employees are understood to have raised about £250,000 to inject into the project. The balance would be shared between the two councils. The total value of the possible deal is put at under £1m.

Leyland used to build double-decker buses and some integral-bodied coaches at the site but production has since concentrated at Lowestoft, Suffolk, to which much of the Roe works plant has also been moved.

If an agreement were reached — and it is expected to take some months before the plant could reopen — the operations could be expected to supply buses to York passenger transit authorities, to which Charles H. Roe has supplied in the past.

Without the potential Yorkshire outlet any new company venturing into the bus-building business would be doing so at a difficult time. The UK market for double-deckers totalled only 1,400 units last year and with deregulation of bus operations this year is expected to fall to about 800 units.

However, it is understood additional uses for the Leeds site are under consideration.

Bank rejects MP's plea on pound note

THE BANK of England yesterday made it clear that the pound note is a thing of the past and cannot be saved by changing the paper it is printed on.

The bank's response came after Mr Marcus Fox, Tory MP for Shipley, claimed that the bank could have saved the pound note by using longer-life paper which was available.

The average life of the existing note was 90 days and a longer life note might last a little longer, the Bank said. But the key to its life was how the public treated it.

"The pound is a low denomination item of currency and is treated by the public as a piece of small change."

Mersey council warns on inner city task forces

BY IAN HAMILTON FAZEY

MERSEYSIDE County Council is to call a conference of the six local authorities where the Government plans to set up task forces modelled on the experimental one established in Liverpool after the Toxteth riots. The conference will warn them of the "dangers" of co-operating with the new initiative.

Council leaders believe that the task force has been a disaster. They see the Government's purpose in setting up more of them as political.

"We think that local authorities should think very carefully about the constitutional implications of giving up aspects of local governance to Whitehall," one senior official said yesterday.

Government representatives will be invited to put the case for task forces, which are supposed to bring together all parts of the public and private sectors to find common approaches to solving urban problems.

The county council's dislike of the task force is demonstrated in its recently-published annual report, in which the task force is given a "Rip Van Winkle wooden spoon award for under-achievement."

The citation makes the "award" for the task force's record in not developing the derelict acres around Liverpool Cathedral on schedule — a project which the Government claimed as one of its major initiatives.

The citation says: "The prize goes to the task force for planting a sign saying that work would commence in November 1982. During 1983-84 the major event to occur was the alteration of the sign to indicate work would be started in November 1983. Nothing happened until December when Mr Patrick Jenkin turned up one day, dug a hole, and went away. The hole was later filled in."

The six other areas where the Government wants task forces are Birmingham, Manchester-Salford, Newcastle-Gateshead, Lambeth and Hackney-Islington. In all cases there is conflict with the Government over public spending.

On Merseyside, the task force has been one way the Government has been able to by-pass local political opposition and get on with a project-based approach to regeneration, involving private sector support for each project. This conflicts with a strategic approach favoured by local, mainly Labour leaders, which would require more spending on public works.

The Merseyside conference is likely to lead to co-ordinated, Labour-led opposition to the Government's task force ambitions.

As Merseyside has shown a task force can work if faced with non-co-operation from locally elected leaders. But it is inhibited by being sandwiched in the row between central and local government over public spending.

But it does provide central government with a channel for putting in resources directly in support of policies and projects which might otherwise be thwarted by ideologically-opposed local leaders.

BA passengers rise by 12%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS last year carried 18.2m passengers on its scheduled and charter services, 2.1m or 12 per cent more than in 1983. The carrier is looking for further expansion this year.

Mr Colin Marshall, chief executive, in a New Year message tells staff that the corporation keeps tight control of costs and continues the drive for efficiency and productivity, prospects for the year are good.

He says forthcoming privatisation should make the corporation's will to do better even keener but that above all else, it is our friendly concern for every customer that is paramount.

Commenting on its traffic results for last year British Airways says that on its UK domestic routes it carried 4.7m passengers, a 19 per cent rise on 1983, mainly due to improvement on Super Shuttle routes in the year. Super Shuttle loads were up by 15 per cent.

It was also a good year for air cargo. Loads were up by 24 per cent on 1983, with a 207,000-tonne total for the year.

Meanwhile, Sir Adam Thomson, British Caladonian Airways chairman, has called for the Government to end uncertainty and frustration caused by failures to settle the problem of airport facilities in London and the South-east.

In a New Year message to BCal staff he says London's position as the foremost international air travel gateway will be endangered without a clear policy for development of the south-eastern airports.

Sir Adam says BCal wants to see some development at Stansted, the fifth terminal built at Heathrow and political dedication to the greatest possible use of Gatwick.

He says: "In our proposals to the Government we recommended the development of regional airports, and we stand by that. However, it is utterly naive to believe that places like Manchester and Birmingham can substitute as destination areas for London."

He says BCal's customers inbound for Europe and blocked from using London will choose to by-pass the UK and select another main city such as Paris or Amsterdam.

U.S. companies in NHS pilot scheme

BY ROBIN REEVES

TWO U.S. health-care companies have won contracts to establish subsidiary renal units for National Health Service patients in Wales, under a pilot scheme announced by Mr Nicholas Edwards, Secretary of State for Wales.

Community Dialysis Services of Roehampton, a subsidiary of CPC Group of California, and Travenol Laboratories, a subsidiary of Baxter Travenol of Chicago, are to provide the units at Carmarthen and Bangor respectively for local kidney sufferers.

Health Service patients will be treated free of charge at the units, the two companies receiving a treatment fee from local health authorities.

The running costs, paid for by the Health Service, are estimated at £125,000 annually for each unit. The seven-year contracts were secured by competitive tender involving seven other applicants, including the Health Service itself.

Officials of the National Union of Public Employees, the public sector union, have warned that its Health Service members may refuse to co-operate with the scheme.

Bank's film fund falls short of target

By Raymond Snoddy

A PLAN by merchant bankers Samuel Montagu to raise $22m (£19.3m) to invest in Hollywood films has so far failed to reach its target.

The fund, which was announced last August, was designed to provide co-production finance for four Hollywood films. A private placing document, sent to 300 institutions, has only attracted about $12m in support.

Samuel Montagu, which is sponsoring the fund with stockbroker W. Greenwell, says the fund can only go ahead if the full $22m is raised to allow investment in a spread of different films.

The bank believes the money will probably have to be raised by the spring if the fund is to go ahead.

When the fund was first announced, Mr Colin Keer, a director of the merchant bank, said he saw it as part of a gradual, selective change in the City's attitude to financing films.

But only those institutions with previous experience of financing films showed any interest.

Samuel Montagu now hopes that a significant industrial investor will save the project, in return for a central role.

The money was being raised as equity finance for a new company, Albion Film Investments. The company would then invest in four films: Johnny Dangerously, Turk 182 and Heart and Soul with Twentieth Century Fox; and Batman with Warner Brothers.

The idea for the fund came from Mr Julian Melzack, chairman of Albion Films, a UK company set up in 1980 to advise on film investment.

In the placing document it was claimed that Albion Film Investment represented the first opportunity for UK and European investors to participate in film productions on terms similar to those on which the leading studios themselves invest. The studio and Albion would get close to an equal share of revenue until both original investments had been recouped.

Mr Melzack said yesterday he believed the money would still be raised but it might take longer than was thought. The situation was not helped by the fact that portfolio managers had received two film fund offers from different parts of Samuel Montagu around the same time.

The second, the Square Mile Fund, a private offering which was not publicised, came from the Samuel Montagu subsidiary Montagu Investment Management.

Leader in Southampton dock dispute takes severance pay

BY BRIAN GROOM, LABOUR STAFF

THE 11-WEEK dispute at the Port of Southampton took an unexpected turn yesterday when Mr Ritchie Pearce, chairman of the dockers' shop stewards, announced that he was taking voluntary redundancy.

Mr Pearce, a leading militant in the port industry, said he was leaving for personal reasons. He will leave within three weeks under a special severance scheme which gives dockers pay-offs of up to £25,000.

He has been a docker for 22 years and leader of the Southampton men for the past eight. Mr Pearce has also been chairman of the national unofficial port shop stewards' committee, which operates outside the Transport and General Workers Union's formal structure.

His departure comes as the dispute over shift and manning changes grows increasingly serious for Associated British Ports, the employer. Southampton is expected to show an operating loss of more than £5m for 1984, after a surplus of £2.5m in 1983.

The port was hit by last summer's two national dock strikes, and the latest dispute has left Southampton's big container terminals idle. Shipping lines have moved to Felixstowe, London, Liverpool and Portsmouth, some of them permanently.

ABP said yesterday that 180 dockers had applied for redundancy under the latest severance scheme. It is being held open for a further week in an attempt to reach the target of 200 applications.

More than 700 workers, some of them non-dockers, have left since the dispute started, cutting the workforce to 1,800.

The offer is part of a national scheme, but its main aim is to help Southampton. There have been hardly any applicants in Liverpool, where 214 redundancies were authorised by the National Dock Labour Board.

Mr Pearce is expected to be succeeded at Southampton by his deputy, Mr Ray Jennings, who is chairman of the joint committee which covers the container berths. Talks with the management are expected shortly.

The dockers have so far rejected ABP's demand for changes which would save up to £9m a year. They have offered cost savings which they put at £5m, but management believes they are worth much less.

FT threatened by print union dispute

BY DAVID GOODHART, LABOUR STAFF

TALKS BETWEEN the Financial Times management and machine room officials of the National Graphical Association broke down last night, increas-in gthe possibility that production of the paper will be hit from next Wednesday night.

The FT management plans to publish a 48-page paper on Thursday but NGA officials have said they will not print a paper of more than 40 pages. If the 25 NGA machine minders do block a larger paper the company is expected to take firm action against them.

The issue of printing larger papers is separate from the substantive negotiations over pay, manning and a new sick pay scheme for which the two unions in the machine room—the NGA and Sogat '82—have a joint claim. However, because of deadlock in the main negotiations, the bigger paper has become a trigger for conflict.

The company last night made a final offer of an increase in pay for a four-night week of £37 for NGA minders and £32.3 for Sogat '82 assistants. It also offered six extra shifts a week for the NGA and 12 for Sogat '82. That would be the equivalent of 1½ extra jobs for the NGA and three for Sogat '82 which now has 78 men in the machine room.

Although considerable progress has been made on negotiations for a new sick pay scheme and over the money element, the real breakdown has come over manning. The NGA wants 24 extra appearance a week and Sogat '82 wants 48.

NGA negotiators rejected the company's offer and said they would not eve nput it to a chapel (works branch) meeting. Sogat '82 negotiators said it would go to a chapel meeting on Wednesday night but it is likely to be rejected.

Thus there is a risk that trouble in the machine room, which caused a 10-week stoppage in 1983 and the loss of more than 2m copies towards the end of last year in sporadic disruption, could stop the paper again.

In addition to the company's long-standing quest for a joint press room agreement to link the pay and manning levels of the two machine room unions, the FT also wants an agreement for an unlimited number of over-40-page papers and an increased print run. At present there are agreements for only 157 40-page plus papers a year.

The NGA and Sogat '82 both expect to be rewarded for the limitation on their independence that a joint agreement brings. T heNGA machine room chapel also wants to narrow the pay differential with other NGA sections. Some workers in the composing room can earn over £700 a week while machine room earnings average about £350.

The NGA machine room officials insist that they are within their rights to refuse to work on bigger papers because the company has broken the Advisory, Arbitration and Conciliation Service agreement which ended the 1983 strike. They say the Acas agreement gave the NGA two extra shifts a night and Sogat '82 £80 a night for working on bigger papers but the company immediately gave Sogat '82 an extra six shifts. The company says it is fully entitled to run bigger papers under the terms of the Acas agreement.

While a strike or lock-out remains possible, neither side seems to expect a lengthy stoppage, and negotiations at Acas may yet prevent one. On the main issues the two sides are probably closer than they have been for some time.

Unity moves by civil servants

By David Brindle, Labour Staff

EFFORTS ARE being made to blur the split among Civil Service unions over their annual pay claim, by winning agreement to lodge individual claims with a common demand. That would be for 15 per cent, or £15 a week.

The prospect of a common pay claim for more than 500,000 civil servants has been negated by the decision of the Civil and Public Services Association, the largest union, to seek a flat-rate claim of £15 and a £100 weekly minimum wage.

Leaders of other unions, however, are trying to salvage a degree of unity. They are proposing a formula which would incorporate a £15 figure and a 15 per cent alternative to satisfy higher grade staff, and which would allow individual unions to include elements of special interest to their members.

The £15 or 15 per cent formula will be recommended for adoption at a one-day pay conference to be held by the Inland Revenue Staff Federation on January 22.

The Society of Civil and Public Servants is to opt for a straight 15 per cent claim. The union's leadership, however, has been empowered to discuss with other unions ways of coordinating claims, thus giving scope for accommodation.

The First Division Association and the Institution of Professional Civil Servants, both representing higher grades, will continue to press the Government to agree to an outside pay survey but may fall into line behind the 15 per cent figure.

If the "£15 or 15 per cent" idea succeeds, the aim would be to lodge all the individual unions' claims at the same time, before the end of January, and to campaign jointly on the theme among memberships.

The plan hinges on IRSF delegates accepting their national executive's recommendation at the special pay conference. This is far from certain because the union's standing conference policy is for a flat-rate claim and there are already a substantial number of amendments for the January 22 meeting which restate this.

Further, some union leaders believe the search for a common formula is academic anyway, in that the Government may reply to the series of individual claims by making an across-the-board offer in line with its 3 per cent cash limit and by insisting on central negotiations.

Housing office shut by strike backlog

THE housing department of Sheffield City Council remains closed to the public although a 14-week strike over new technology by about 630 white-collar staff ended shortly before Christmas.

The strikers returned after their union, Nalgo, cut off their dispute pay. Since then they have been struggling with a backlog including 40,000 applications for housing benefit. The department is unlikely to reopen for at least another week.

Andrew Taylor on the problems of buying a few weeks' stake in a holiday home

How time sharing can turn into a heavy sentence

THEY CALL it a "greed motivator" in the trade. An attractive girl on a holiday beach promises a free gift—if you will only come and hear the sales pitch.

The product getting the hard sell is time-share holidays. In the U.S. would-be time-share purchasers, warned to buy quickly before prices rise, have had the point illustrated by salesmen apparently tearing ten-dollar bills in front of them.

In London, one couple were so impressed by the sales techniques they agreed to buy a time-share in a building around the corner from where they lived.

Time-sharing, according to the advertising copy writers, offers the benefits of owning a second home with none of the usual disadvantages.

Purchasers, say the glossy advertisements, no longer have to raise large sums to buy holiday homes which remain empty for much of the year. Instead they can buy a stake to cover the few weeks each year when they intend to use the accommodation.

What the advertisers do not reveal is the grief that can be caused when schemes go wrong, leaving investors unprotected and counting the cost of lost savings.

Mr Clive Rowson, 63, two years ago paid £2,850 for six time-share weeks at a hotel in Marbella, on Spain's Costa del Sol. Mr Rowson, who has a business selling bathroom and kitchen equipment in Stoke-on-Trent, says he should have known better but the deal looked too good to miss.

"We booked the accommodation through a firm in Hertfordshire," he says. "Just before our first visit to Marbella ended in October 1983, the hotel manager announced that the time-share agreement had been ended. He did not offer any explanation but guaranteed we would get our money back."

More than 12 months later, Mr Rowson claims he is still waiting for his money despite promises from the man who sold him the time-share that he would be repaid.

"My solicitor tells me there is nothing I can do to make sure this money is refunded," says Mr Rowson.

Mr Peter Scott-Malden, a retired civil servant, invested £3,000 for a three-week time share in a lodge at the Clovelly Country Club, North Devon. In March 1983 the scheme, one third completed, went into receivership.

"According to our solicitor the title of the 330 investors who had bought time shares was precarious and we were in danger of losing our money," says Mr Scott-Malden.

The scheme was rescued by another developer, Clovelly Property Development Company, which is jointly owned by British and Danish interests. The time-share owners remain unsettled by their experience. Some have advertised their time shares for sale at substantially less than they paid.

Mr Scott-Malden, formerly a senior official in the Transport Department and chairman of Clovelly Time Share Owners Association, believes this is a mistake. He says the future of the development looks secure and is hopeful that proper title and management fee arrangements can be negotiated with the new owners.

He says he went into time sharing, aware of the risks, but managed to fall foul of some of the classic problems associated with the industry.

Investors, above all, should ensure their title is secure so that even if the developer goes bust the property cannot be usurped by creditors.

"Investors should also ensure that arrangements for paying management fees are properly based. Developers should be responsible for making up the fees of any unsold weeks. This means that time share owners will not end up with large maintenance bills even if they are the only tenant in the scheme."

Mr James Edmonds, a London-based solicitor specialising in international time-share law says: "Time-share schemes, properly organised, can generate big profits. They therefore attract all kinds of developers from good to bad to unethical. A key problem is that schemes have to generate large sums before they start earning profits."

Mr Edmonds estimates that most time-share developments could generate three times more revenue than if they were sold conventionally. Two thirds of proceeds, however, could go in marketing and development costs.

"The problem is that many developers underestimate the cost and length of time it takes to arrange sales. High-season weeks may sell quickly but schemes can become badly bogged down when it comes to selling off-peak weeks.

"The marketing costs can be extremely high. Consider a development with 30 apartments. The average time-share is two weeks. Around 500 separate contracts would be needed just to get the development two-thirds full. If only one in five interviews resulted in a sale, more than 2,400 potential purchaser swould have to be interviewed to get the development to this point."

It was Mr Edmonds who recounted the story of U.S. salesmen apparently tearing up 10-dollar bills in front of purchasers to win a sale. He says many of the more undesirable sales practices have been outlawed in the U.S. but this has not stopped them being exported to Europe.

"The European time-share industry is roughly at the same stage as it was in the U.S. several years ago when there was a string of spectacular failures," says Mr Edmonds.

"The U.S. market was largely unregulated and unsuspecting investors became prey to cowboy developers and genuine companies which failed to appreciate the complexities of organising and financing a successful time-share scheme."

Mr Edmonds says investors in the U.S. now have greater protection thanks to state legislation and time-share companies which have tried to regulate the industry. He believes bona-fide European time-share companies should make similar efforts.

He argues that it would be wrong to reject time-sharing as having no benefit or concede that the investment risk is too great. Many schemes work well and can produce excellent value for money. Risks can be reduced if basic rules and procedures are observed.

- If buying into a scheme built in the UK, various legal procedures can be adopted to protect an investor's title. A solicitor should be used to check details.
- Buying abroad is more difficult. British solicitors cannot be expected to keep abreast of property laws in countries such as Spain, France and Portugal. Insurance can be arranged, however, to cover the cost of an investment should title prove faulty.
- Developer members of the British Property Time Share Association (BPTA) are required to make title insurance and other insurance safeguards, such as failure of management companies, available to investors.
- Management fee arrangements should be examined carefully. Cheap offers can result in poor service. What would happen in 10 years if the roof needed replacing and there was no money in the kitty?
- Investors puchasing time shares in incomplete developments should ensure their deposit is put into an escrow account to protect against the developer's failure.
- Time-share investors are normally restricted to the same weeks each year but can swap holiday accommodation under schemes operated by companies such as Resort Condominiums International (RCI) and Interval International (II).

Developments accepted by RCI II are expected to attain minimum standards of quality and financial probity, but this should not be taken as a full guarantee of the scheme's worthiness or stability.

Mr Brian Wates, secretary of the British BPTA, believes the industry must regulate itself or the Government will be forced to legislate to protect investors from unscrupulous or incompetent companies.

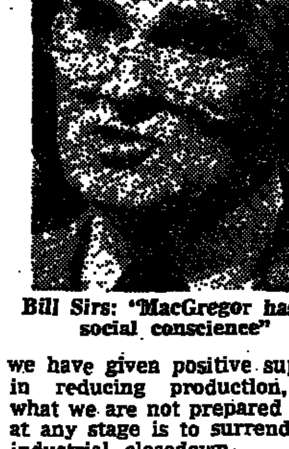
He said: "One problem is that BPTA has only a few members. Big companies like Barratt and Wimpey prefer to rely on their reputations as large and successful companies rather than join the BPTA which is ambitiously seeking to establish a code of conduct for the industry."

It is clear that unless the industry combines to support initiatives like those recently sponsored by the BPTA, such as title insurance, investors like Mr Rowson will continue to be disappointed and the Government may be forced to act.

Bill Sirs steps down with sharp words for Scargill

BY OUR LABOUR STAFF

MR BILL SIRS, leader of Britain's biggest steel union, retired on a controversial note yesterday when he criticised Mr Arthur Scargill's strategy for dealing with Mr Ian MacGregor, chairman of the National Coal Board.



Bill Sirs: "MacGregor has no social conscience"

Mr Sirs, 65 on Sunday, was retiring after ten years as general secretary of the Iron and Steel Trades Confederation. He is succeeded by his deputy, Mr Roy Evans.

In a television interview, Mr Sirs said: "Before the strike happened I wrote to Arthur Scargill. I told him he would have to adopt different tactics with a man like MacGregor. He is an American businessman who believes in the almighty dollar. He has no social conscience.

"The tragedy is that there are tens of thousands of miners not on the picket lines just waiting to go back to work if the strategy is changed."

Mr Sirs described as "poppycock" claims by Mr Scargill, NUM president, that the steelworkers had failed to support the miners' strike and that the miners were fighting for steelworkers' jobs.

"He is not fighting for my industry, I am doing that. I am leaving it in a better state than when I took it over," said Mr Sirs.

He added: "In this strike, we have given positive support in reducing production, but what we are not prepared to do at any stage is to surrender to industrial closedown.

"If we did that, one or two plants may never reopen. When people take their union out on strike, they cannot automatically expect other people to join in without argument."

He observed: "It is very difficult if you are going into a strike with an employer and you only get two-thirds of your members with you. It is a weakness, and that is obvious to all of us and must be to Arthur Scargill and his colleagues."

Halewood disputes end

FINANCIAL TIMES REPORTER

THE INDUSTRIAL dispute which has halted production of Escort and Orion cars at Ford's Halewood complex, north Merseyside, was settled yesterday. There will be a full resumption of work in the assembly shop on Monday.

After separate meetings of management and trade unions yesterday it was announced thta a union had given assurances that four men who are the focus of the dispute would return on Monday and work to the company's requirements.

Management said there would be no layoffs for the rest of the day. Most men in the assembly shop had sat about since the dispute flared on Thursday afternoon.

The four men, who fit wiring-looms in cars and vans, walked out after claiming changes in the mix had increased their workload.

Meanwhile, a dispute in the transmission plant, also over work allocation, ended yesterday at a 7 am meeting of the 30 men in the heat-treatment section.

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THE WEEK IN THE MARKETS

Focus on interest rates

LONDON

ONLOOKER

Worries over the oil price, doubts over the December money supply figures, a weak pound and fears that base rates would have to rise soon, perhaps by as much as 1½ points, had the market on the run mid-week. In two days the FT 30-Share Index lost 28.6 points. The Midland Bank didn't do much to lift New Year spirits either.

Mercifully the pound steadied on foreign exchange markets on Thursday reducing the City's tension and encouraging the view that the authorities will be able to resist pressures to push interest rates higher to rescue sterling from spiralling even further downwards. Having started the day with a fall of 16.5 points the FT 30-share Index managed to claw back some of the losses closing just 11.7 points down. And by yesterday the mood was almost completely changed with all bearish thoughts pushed to the background and equities and gilts firming throughout the day.

Even in the money market the general attitude was brighter. Yet there remains an uncomfortable gap between bank base rates of 9½ and 9¾ per cent and the benchmark of the three month interbank rate. Unless the money supply figures, out next Tuesday, are surprisingly encouraging the clearers may still have to raise their rates.

Crocker National has developed a disturbing habit of regularly torturing the shareholders of Midland Bank, its British parent. Last summer, when the Californian bank's losses and bad debts had contrived virtually to halve Midland's interim profits to £70m, anybody but a pessimist of lifelong persuasion would have believed the worst to be over—which only goes to show how many people can be wrong.

Midland's nightmare

This week Midland had to tell its shareholders that the worsening problems of Crocker's loan book had resulted in a further $215m (£187m) loss in the final quarter of 1984. In total Crocker lost $324m (£282m) last year—something of a record for any U.S. bank.

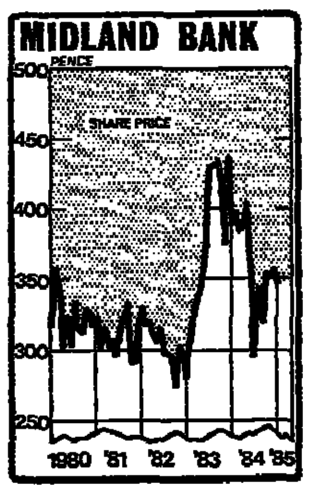
A loss on that scale has obviously driven a cart and horses through any expectations the City had for a recovery in Midland's profits in the closing months of '84. The bank is not putting a figure on the full year outcome but analysts are taking the prediction of "a severe impact" to mean that second half group profits are more or less going to disappear under the weight of Crocker losses.

There is at least one crumb of comfort for shareholders, however. The dividend payout will be held and with the shares now yielding over 10 per cent the directors have managed to put a platform under the price with that policy statement. That the dividend will be uncovered by earnings is irrelevant for the moment.

Perhaps one other comforting point is that all the bad debts are coming against old loans made before Midland bolstered the local management with its own men.

Yet Midland's management has more on its mind than stemming the losses of Crocker, even though the potential for more mistakes in Crocker's $16bn loan book must be a recurring nightmare despite the $300m of further provisions made against potential future bad debts. Such has been the magnitude of Crocker's losses that Midland's free capital ratio has fallen from the 4.6 per cent of a year ago to something nearer 4 per cent. Midland has to bolster its capital base, but how?

With the shares standing at their current low level a conventional rights issue seems unlikely. A combination of asset sales plus some form of floating rate note issue looks a more attractive route for Midland to take though it is hard to imagine that the bank would willingly dispose of its large investments such as Samuel Montagu unless circumstances were really dire.



There is, of course, also the possibility that Midland could find itself on the receiving end of a bid. There are not many companies that could contemplate such a large mouthful but they exist; BAT has shown the way in the insurance sector for instance.

It may be that the authorities would not smile on a bid for Midland but if there are any further setbacks the bank might find itself short of friends. The Griffin, as an independent animal, is beginning to resemble a cat that has used up eight of its nine lives.

Bath's time

Turning from vague bid thoughts to something more concrete Consolidated Gold Fields' agreed £61m cash and equity offer for Bath and Portland looks all over bar the acceptances despite rival bidder, C. H. Beazer, extending its offer until the end of the month.

Though Gold Fields has yet to post its offer document Beazer already looks to be out of the running. The agreed price—worth around 300p a share—looks too rich for Beazer to have any hope of topping. Beazer's own market capitalisation is just £90m, and even its offer of £49m would seem to be stretching things a little

The possibility of a third bidder entering the ring looks remote though it cannot be ruled out. If Gold Fields is picking up the core aggregates business of B and P on the cheap one of the other major players may be tempted to try a spoiling action. But B and P's asset value is around 300p a share and even though Gold Fields will cut its purchase costs by disposing of some of the non-building materials and construction interests its bid looks a full value.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984/85 High	1984/85 Low	
F.T. Ord. Index	941.0	− 4.2	952.3	755.3	Higher base rates scare
F.T. Gold Mines Index	459.0	−15.1	711.7	451.3	Bullion dips below $300
British Steam Specialties	132	+22	132	81	Newsletter recommendation
Britoil	187	−18	277	185	Oil price worries
Brown (Matthew)	290	−20	310	208	Profit-taking after good rise
Devenish (J. A.)	500	+80	500	390	Brokers "buy" recommendation
Geevor Tin	217	+17	220	138	LME tin prices at records
Grand Metropolitan	298	−17	360	270	37m vendor share placing
Hoskins & Horton	301	+21	301	123	Revised bid from Scot. Heritable
Mercury Securities	460	+45	620	390	Recovery after recent fall
Midland Bank	338	−27	427	275	Crocker Nat's fresh problems
Oliver Prospecting	140	−60	235	60	Celtic Sea dry well fears
Phoenix Timber	146	+14	146	84	New Year recommendation
Reardon Smith	20	+10	47	4	Revived speculative demand
Redfearn Natl. Glass	73	+ 8	112	44	Newsletter recommendation
Rowntree Mackintosh	370	−13	396	216	Profit-taking after good rise
Tarmac	502	−20	528	406	14.7m vendor share placing
Tootal	60	− 6	69	38½	Entrad reduces stake
Ward White	212	+15	215	101	Investment recommendation
Wardle Storeys	197	+30	197	156	New Year recommendation

Time for caution

Unlisted Securities Market

THE USM's 1985 new issues queue looks even busier than the year just past, yet there are reasons for extra caution over the likely quality of the next batch of newcomers and about the performance of some existing stocks.

Accountants Peat Marwick, which have been reporting accountants to well over 50 USM newcomers, more than twice as many as any other firm, says it expects to be advising a record number of flotation candidates this year. They include three computer peripherals and software companies, all of which will be projecting at least doubled profits when they come to the market.

Alan Comber, partner in charge of Peat's USM practice, admits that computer companies have fallen from favour in investors' eyes. "The market may be receiving them with more scepticism than before," he says. "None the less, they are still attracted by the USM and they can still get sponsors."

But in spite of Peat's optimism, a number of City professionals are more than usually cautious about the outlook for 1985 because they believe that the bull market of the past two years cannot last forever, and because they fear that some of their colleagues may soon be scraping the bottom of the new issues barrel.

They argue that the current flood of new issues—around 100 last year, bringing the total USM headcount to 270—cannot be sustained without bringing more of the lower quality material with it.

John Gregory, corporate finance partner with stockbrokers Capel-Cure Myers, explains: "Those companies that were in a fit state for a USM flotation have been mostly satisfied, so there are not the same number of natural candidates left unquoted. One should therefore be very careful about the new issues that come this year."

Gregory's views might be unduly pessimistic, but even if the quality of new issues can be maintained the market's readiness to send each newcomer's shares to a 10 to 15 per cent premium could easily run out, warn some observers.

Garth Ramsay, deputy chairman of Ivory & Sime, which manages the only investment trust to specialise in the USM, predicts: "We are not going to have a situation where every USM stock goes to an automatic premium as was the case in some parts of 1984. When you have a market where premiums are the order of the day, you create an artificial level of applications. The moment investors get their fingers burned, they will go for another game."

Meanwhile, a number of existing USM companies should be reaching critical—and risky—stages in their developments during 1985. Brian Kirkland, assistant director of UK equities for Prudential Portfolio Managers, warns that many young companies reach their most vulnerable period around two years after flotation, when they are wrestling with their second phase of expansion,

"Companies gear up for a flotation and do everything possible to ensure that the immediate future looks clear," he says. "A certain number of small companies always run into problems a couple of years later, especially those with limited management resources or without the knowledge or flexibility to adapt to changing conditions. You are going to see more companies running into [illegible] situation."

William Dawkins

MAJOR FLOTATIONS OF 1984

Company	Business	Market cap	Date
Microvitec	Colour display monitors	£48.9m	May
North Sea and General Oil Investments	Oil exploration	£32.6m	March
Ennex International	Oil and mineral exploration	I£26.7m (£22.6m)	June
TDS Circuits	Multilayer printed circuit boards	£26.6m	July

Source: Datastream.

Nervous New Year

NEW YORK

TERRY BYLAND

WALL STREET trudged back from the New Year celebrations with little sign of enthusiasm. The ranks of trading and back office staffs were noticeably thin—perhaps New York is developing the European habit of combining the Christmas and New Year's day holidays into an extended week's break. Or perhaps, it was just a natural reaction to the passing of a year with little to commend itself to the street's collective memory.

The first trading sessions of 1985 seemed to follow the traditional pattern. The stock market was nervous, and a prey to technical factors. Some private investors sold stocks to take profits on which tax can be postponed until April 1986.

Traders moved nimbly to pick up stocks recommended in the analysts' surveys for the New Year. The major institutions played a more cautious game, and were early sellers of some of the major blue chips, especially in the oil and computer sectors.

There were several reasons for caution. The bond market was nervous in the face of a hefty treasury funding programme, which is likely to keep rates high in the credit markets.

Predictions for corporate profits in 1985 gave only modest comfort. While the consensus came down in favour of an overall increase in profits, there was a certain coolness in the air. Standard Poor's was prominent among those expecting only "flat profits" this year.

The sharp, and quite unexpected, leap in the Commerce Department's index of leading economic indicators announced just before New Year tended to undermine previous theories of a sluggish economy needing repumping by the Fed. Last week's data followed the same track. Factory orders showed a strong rise of 4.3 per cent in November, while a slump of 10.6 per cent in sales of single-family homes seemed to run counter to all the evidence from inside the industry.

But the stock market was worrying about matters closer to hand, in particular the trading reports on the last quarter of fiscal 1984 which will be arriving on Wall Street within a fortnight.

The first blows fell on Thursday, when the latest sales from the auto and retail industries were disclosed. Holiday sales figures from a batch of leading stores confirmed the street's worst fears.

Sales were below forecast and had been boosted by heavy price cutting. Many retail stocks had discounted the bad news but Dayton Hudson, the Minneapolis group, took a beating after the company forecast flat earnings for the fourth quarter.

The car industry also disclosed lower mid-December sales, and American Motors cut output by 10 per cent and Ford said it would not increase prices on 1985 models.

This double punch brought a sharp selling bout, chiefly in the blue chips. Computer issues, oils and motor stocks all suffered in a sudden downturn which took nearly ten points off the Dow Industrial Average within an hour.

A notable weak spot was IBM, paying the price for its outstanding earnings record. The year's results are due soon, and anything less than 20 per cent growth has become a bearish factor for IBM stock.

Nervousness in retail stocks was also influenced by Coleco Industries decision to abandon its Adam computer. Wall Street prefers Coleco as a manufacturer of cabbage patch dolls, so the stock price moved higher. Also firmer were Apple Computer and Commodore International, which expect to carve up the Adam market between them.

A further unforeseen loss of $215m at Crocker National was bad news for the bank, but worse news for the industry was the disclosure that the drastic loan loss provision followed a visit from the audit board of the comptroller of the currency, who recently made both Bank of America and First Chicago increase capital ratios. Bank of America stock weakened as Wall Street measured its portfolio of Californian loans against Crocker's.

Other weak features included the pharmaceuticals, always at hazard when a strong dollar hurts foreign sales. Procter Gamble, the washing soap king, took a tumble after two analysts cut their earnings forecasts.

This market is nervous ahead of the quarterly reporting season. Bad news has proved a hair trigger for selling orders, and the institutions have been the first to make for the door marked exit.

Monday	1211.57	+ 7.40
Tuesday: Closed		
Wednesday	1198.87	−12.70
Thursday	1189.82	− 9.05

How they see it from the top

MINING

KENNETH MARSTON

THE continued world economic recovery, particularly in the United States, was one of cold comfort for the mining industry in 1984: a year of disappointment.

Will 1985 be any better? As usual at this time of year I have turned for guidance to some of the world's leading mining men. This is how they see things.

We start with Mr Pierre Gousseland, chairman of Amax, the major U.S. diversified natural resources group. He expects the U.S. recovery to continue thoughout 1985 but regards the outlook for the country's mining companies as being still bearish.

He points out: "While demand has improved for virtually all minerals, prices remain at or near record lows in historically adjusted dollar terms. One reason for this is the abrupt change in the U.S. to a low-inflation economy.

"However, the outlook is not one of unrelieved gloom either in 1985 or beyond. The current year should be better than 1984. The U.S. economic recovery is continuing.

"Virtually all of the industries that are of major concern to metal producers should continue to grow in 1985 and 1986, though at a slower pace than in 1984.

"In the coming year the prospects are for continued expansion in the Pacific, continued slow growth in Europe and a modest acceleration of growth in Latin America.

"In the longer term, when the U.S. dollar descends from its present heights, there is reason for legitimate optimism. But this will be true only for companies that have put their houses in order, who reduce operating costs to the minimum, and who retire outmoded and costly capacity.

"We have entered an era when bigger is not necessarily better, when smaller can be beautiful too. In tomorrow's mining world, the efficient low-cost producer will be the one who will succeed."

From a UK company's standpoint Mr Neil Clarke, deputy chairman and chief executive of Charter Consolidated, writes:

"Last year was characterised by unprecedentedly large shifts in exchange rates to which the mining sector is particularly exposed. U.S. producers were squeezed by the strong dollar while, at the other extreme, the Latin Americans benefited from undervaluations. The appraisal and planning of new projects is far more difficult when so much uncertainty surrounds all the currency yardsticks.

"In the short term, it is to be hoped that the U.S.-led revival in manufacturing investment, which is metals intensive, will become more widespread. Much depends on the heavily indebted developing countries resuming economic growth with a consequential requirement for investment in infrastructure.

"A new and potentially very important factor is China's change of course, which may well imply the exchange, in effect, of their low-cost labour for imported capital equipment.

"The mining community is probably on the mend. Nevertheless, with manufacturers continuing to find ways of economising on their use of materials the mining sector needs to improve still further its compititiveness and to be judicious regarding new capacity."

Now to South Africa for some thoughts on gold from Mr Ted Pavitt, chairman of the General Mining Union Corporation (Gencor) mining finance and industrial group. He comments:

"After a lifetime in the mining business I should have learnt never to be surprised by the unexpected. Nevertheless when in this column a year ago I expressed myself moderately hopeful for gold in 1984, but concerned about the competitiveness of the South African mining industry in the face of the high level of South African inflation, I did not anticipate either the phenomenal continuing strength of the U.S. dollar or the even more dramatic decline of the rand.

"However I still believe that now gold has re-established itself as one of the major international investment options it will hold its own in the medium to long term with any currency including the dollar. I also believe that competitive devaluation is no substitute for controlling inflation and containing costs.

In 1985 and beyond I see a good future for the gold mines and for the other branches of the South African mining industry provided they maintain self-discipline and do not allow themselves to get carried away by the idea that escalating costs will always be rectified by devaluation."

Mr Rudolph Agnew, chairman of Consolidated Gold Fields, is coolly realistic as ever. He says:

"The performance of metal markets in 1984, as I predicted last year, ought finally to have dispelled the notion that a better business climate is all that is needed to restore the industry to health.

"Despite the current slowdown in the U.S. economy, it is generally expected that 1985 will be another year of reasonable growth in the industrialised economies, taken as a whole. In that event, the supply/demand balance for the industrial metals should continue to improve giving rise to the hope that some modest rise in prices will result from this in U.S. dollar terms.

"The course of the gold price will hinge primarily upon whether the dollar remains the favoured store of international value.

"The size of the American current account balance of payments deficit and the sheer weight of internationally mobile funds already accumulated in dollars, suggests a large potential for funds to flow into gold as well as other major currencies, but the dollar's long-heralded collapse obstinately refuses to occur.

"Until it does, the perfarmance of the gold price measured in dollars will remain lacklustre, though better in sterling and stronger still in South African rands."

Finally, we have a cautious line from Sir Alistair Frame, deputy chairman and chief executive of the Rio Tinto-Zinc international mining and industrial group. He says:

"The general consensus is that industrial activity will expand further in 1985, but the recovery remains geographically uneven, and the latest U.S. statistics give some cause for concern. Overall demand for metals should grow modestly, building on 1984's strong growth.

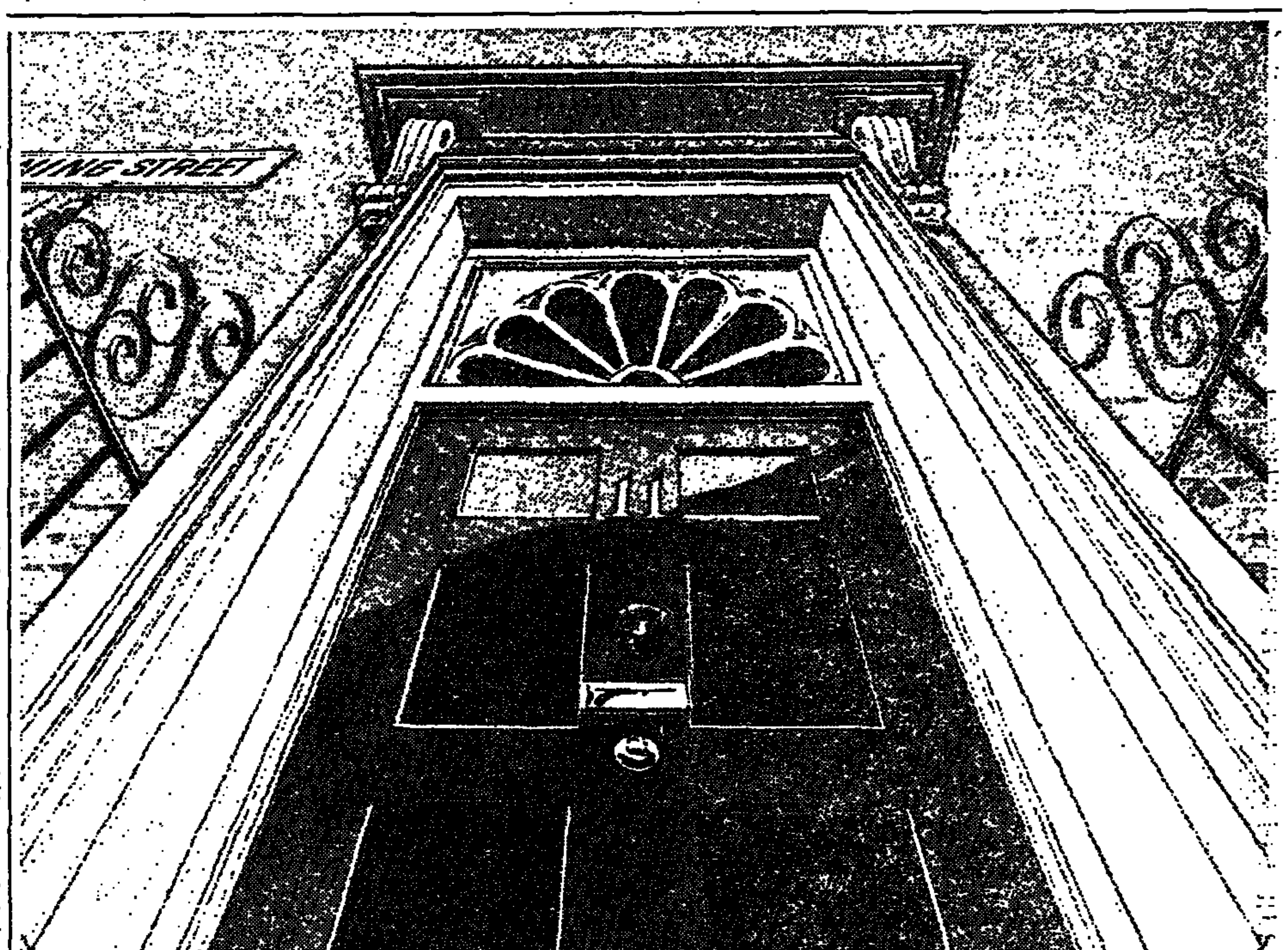
"Inventories of most metals, aluminium excepted, have fallen significantly compared with a year ago. The prices paid by European consumers in their domestic currencies have been historically high, and in a few cases have attained record levels in 1984.

"Nonetheless, the U.S. dollar prices that most concern mining companies remain stubbornly weak. Short term increases are feasible, and for some metals probable, but if they are too steep they will reawaken dormant capacity and excess supply.

"A weakening of the dollar could quickly alter the outlook, but that long heralded event is unpredictable.

"The behaviour of dollar prices in the face of improving statistical balances has driven even further home the message that the mining industry has to rely on its own cost reducing efforts in order to increase its short-term profitability.

"Longer term it emphasises the overwhelming case for greatly expanded marketing expenditure by all metal producers in order to promote their products and develop new uses."



YOUR SAVINGS AND INVESTMENTS

Gilt options for the gamblers

BY PHILIP STEPHENS

FOR MANY private investors gilt-edged securities are dull if worthy investments: essential ingredients in a balanced portfolio but not to be relied on to provide an exciting performance.

For those with a gambling instinct, therefore, the introduction by the Stock Exchange next week of traded options in gilts will provide a welcome opportunity to back their views of the market — and turn in healthy capital gains if they are right.

These, based on the 10 per cent Exchequer 1989 stock, join the burgeoning list of equity-based contracts now traded on the exchange's options market.

For investors it offers the same central advantage of high gearing—the potential for large profits in relation to the initial investment and to price movements in the underlying stock.

The crucial disadvantage is that you risk the whole of your initial investment if the market moves against you: though unlike in the futures market, the maximum potential loss is fixed at the outset.

The Stock Exchange thinks the main players in gilt options initially will be the institutions. It has fixed the size of the contract accordingly—each option is for £50,000 of the underlying stock.

Because it is based on a short-dated gilt, discount houses, banks and perhaps building societies are expected to dominate trading.

The relatively small size of the premiums, however, (current are for a range of between 0.5 and 3 per cent depending on the exercise price) should allow the more sophisticated private investor to chance his luck.

The market will work essentially as follows: the investor chooses an option to buy or sell the underlying stock at a particular price. The premium, expressed as a percentage of the £50,000 contract, will depend on how different the exercise price of the option is from the actual price of the stock at the time the deal is struck.

The option gives the right—but not the obligation—to buy or sell the underlying security at a series of fixed expiry dates up to nine months away.

To take an example, an investor betting on a rise in the gilt-edged market might decide to buy a call option, giving the right to purchase the stock at, say, its existing price in three months. The premum might be 1 to 1½ per cent, or £500 to £750.

If the market does rise, taking the price of the underlying stock with it, the proportionate increase in the value of the option will be much greater and it can then be sold back into the market before its expiry date. (The holder of an option can actually exercise it and take delivery of, or deliver, the underlying stock, but that is unusual.)

If on the other hand the market is unchanged or falls during the period up to the expiry date, then the option will be worthless and the whole of the initial investment lost.

If you expected the market to fall then you would set up the reverse transaction, buying a put option to sell the stock.

The potential of traded options, however, is not confined to such simple gambles on the course of the market. Sophisticated investors will use them to hedge the value of their existing gilt portfolos, regarding the cost as an insurance premium.

Companies or individuals can also use gilt-edged options to preserve the return on future cash flow by hedging against any fall in interest rates.

And the real sophisticates will actually sell, or write, options—using the premium income to improve their return on their gilt holdings.

OPTIONS GLOSSARY

Underlying stock—the physical security on which the option is based.

Call Option—gives the owner the right to buy underlying stock.

Put option—gives the right to sell underlying stock.

Exercise price—agreed price at which the option can be exercised.

In the money—when the price of the underlying stock gives an intrinsic value to the option. For a call option when the stock's price is above the exercise price: for for a put option when it is below the exercise price.

Out of the money—when the price of the underlying stock is below the exercise price of a call option and above that of a put option.

At the money—when the price of the underlying stock is the same as the exercise price of a call or put option.

Bonus challenge

EARLY IN THE NEW YEAR, the traditional life companies are busy issuing their business figures for the previous year and announcing the bonus rates for their with-profit contracts.

For investors saving through a conventional life contract, the bonus rate declaration tells them how their investments have fared over the previous year and gives some indication of the ultimate return.

In the past few years, the bonus declaration season has been somewhat uninspiring. Annual reversionary bonus rates have for the most part been kept steady by life companies and the main benefit of the company's investment performance has been given to investors whose contracts are about to mature in the form of increased terminal bonus rates.

Indeed, the only excitement has come from actuaries issuing warnings that bonus rates would have to be cut if interest rates fell any further.

However, this time round, Norwich Union introduced an element of excitement by declaring its bonus rates a fortnight earlier than usual on December 19 and throwing out a challenge to all other traditional life companies — something rather ungentlemanly.

First, NU increased its basic reversionary bonus rate by 15p to £5 per cent compound on assurances and to £6.30 per cent compound on self-employed and executive pension contracts.

Mr Hugh Scurfield, NU's general manager and actuary in charge of its life operations, is confident that the company can hold this rate for some time, claiming that the life fund's free reserves amount to almost 20 per cent of the £4bn of life fund assets. So much for warnings on bonus cuts.

Indeed, 1984 was a very good year for investors with strong UK and overseas stock markets. Mr Scurfield claims in addition that NU's "creative investment strategy" of high level equity and property investments is now paying off for policyholders. Hence the higher basic reversionary bonus.

And there is still more to come for NU investors. They are receiving a special reversionary bonus in addition to the normal bonus payment. NU is following the style of its terminal bonus payments and basing this special bonus on the basic benefit and the year the policy was taken out or participated in bonuses.

However, NU, in contrast to other life companies and its own actions in previous years, is not changing its terminal bonus rates for claims arising in 1985. The fruits of last year's investment performance have gone to all policyholders, not just those with claims in 1985.

Nevertheless, as the table shows, those investors in NU with maturing policies this year will have done very nicely; indeed, such is the increase in maturity values that investors whose contracts matured last month will have good grounds for complaint.

Traditional life company actuaries assess the financial position of the life funds once a year—usually coinciding with the calendar year. They take into account the investment profits and performance for that year and they may decide to take a more optimistic or more conservative view of the adequacy of the company's reserves and asset values.

A policyholder whose contract matures before the end of the year loses out if investment performance has been particularly good. He may also have cause for grievance if the actuary switches to a more aggressive bonus policy—in which case present and future policyholders gain some of the benefits which might have accrued to past policyholders.

Mr Scurfield, who has been in his present position for less than 12 months, intends that NU should be far more aggressive in marketing traditional life contracts. He intends to drive home to insurance brokers and other intermediaries, particularly building societies, that with-profits contracts should be sold on performance, not on promises.

In making the bonus announcement, Mr Scurfield claimed the new bonus rates put NU at the top of the performance tables at all terms of contract and he challenged any traditional life company to do better.

Over the next few weeks, therefore, this column will be monitoring the bonus announcements from traditional life companies, not only to keep investors appraised of the return on their contracts, but also to see if NU's challenge is taken up.

By Eric Short

MAN AGED 29 AT OUTSET, PAYING £10 A MONTH GROSS— MATURITY VALUE ON A WITH-PROFITS LIFE POLICY MATURING IN JANUARY 1985, COMPARED WITH A SIMILAR CONTRACT MATURING DECEMBER 1984

Company	10 years			15 years			25 years		
	Jan 85 £	Dec 84 £	Rise %	Jan 85 £	Dec 84 £	Rise %	Jan 85 £	Dec 84 £	Rise %
Norwich Un.	2,563	(2,347)	9.2	5,138	(4,706)	9.2	13,606	(12,243)	11.1
Friends' Prov.	2,352	(2,072)	13.5	4,780	(4,081)	17.1	12,366	(10,155)	21.8
Scottish Wid.	2,325	(2,247)	3.5	4,440	(4,223)	5.1	11,479	(11,136)	3.1
Clerical Med.	2,241	(2,136)	4.9	4,412	(4,136)	6.7	13,296	(12,135)	9.6
Equity & Law	2,233	(1,998)	11.8	4,311	(4,059)	6.2	12,077	(11,557)	4.5
Scottish Eq.	2,036	(2,007)	1.4	3,879	(3,811)	1.8	9,550	(9,130)	4.5
Commercial Un.	2,034	(1,922)	5.8	3,872	(3,622)	6.9	9,032	(8,433)	7.1
GA Life	2,022	(1,994)	1.4	3,856	(3,702)	4.2	9,782	(9,010)	8.6
GRE	1,991	(1,933)	3.0	3,807	(3,618)	5.2	8,864	(8,377)	5.8

Diary of a Small Investor

Turn of the tide

This is the third of four further weekly instalments in a series by Arthur Carter. In the first nine instalments published in the Financial Times at intervals between 1977 and 1980 he traced the growth of his portfolio, based on the purchase of depressed high-yielding shares for recovery, from £3,000 in the early fifties to 25/10/77, when its market value was £113,000.

IN my two previous articles I described how, as the recession deepened, I still adhered to my time-honoured system of making successive purchases of shares in the same company as the price fell.

In four cases this had worked reasonably well up to the start of January 1982 but in three it had not, including British Printing Corporation where I had sold out prematurely for a loss of £2,636. Now the remaining six — except Duport, stuck at rock bottom — were to sink to new depths.

I now held 7,000 Tubes (T.I. Group) bought through 1981 from 166 down to 104 and was marginally in profit at January 10 1982 at 125p. I made six further purchases, as concern grew about aluminium, from 118p in February 1982 down to 94p in September 1982, bringing our total holding to 15,000.

Our 16,000 Birmid Qualcast shares, on which I had a paper profit of £500 at 25p on January 10, continued their recovery to 35p, only to fall back again due to continuing heavy losses on the foundry side. In July and August 1982 I bought 7,000 more around 22p followed by four purchases at 18½, 16, 15 and 15 in September and October 1982, bringing our total holding to 43,000.

Borthwick, the international meat trader, had been, as Spain was to Napoleon, a running sore as I went on buying for a full year up to September 1981 as the price fell. By January 1982 we had 47,000 and they had picked up from 14 to 17p.

As they fell again, I bought 5,000 at 14p in April 1982 and on a further collapse (this time drought in Australia) 10,000 more at 9½ in August, 1982. A far cry indeed from our first 7,000 bought at 66½p in May, 1978.

For the first time in my investment career I began to have doubts about recovery in the traditional manufacturing and trading sectors I operated in, except perhaps in that shadowy long-term when, as Keynes said, we are all dead.

For all was by no means gloom in the stock market. Low yielding growth-stocks — anything indeed with an electronics label — were booming. I decided it was too late to swap horses. I must stick to the only way I knew how . . . .

I was breaking even at January 10 1982 on our 12,000 BSG Int shares bought around 16½p in May 1980. I bought a further 9,000 at 10½ in August 1982 and another 18,000 at the same price in January 1983 when the shares collapsed a second time after recovering to 17p.

I had a small paper profit on our 20,000 Carrington-Viyella shares purchased in 1980 and standing at 14p at the start of 1982. In the second half of 1982 I made four further purchases at 8 to 9p bringing our total holding to 51,000.

In July 1982 I bought 1,000 Turner & Newall at 56p—down from 109p earlier in the year—immediately following that first TV asbestos programme, and went on buying all the way down to my final purchase of £5,000 at 20 on October 28 1982, when we held 17,000.

In August 1982 I made my initial purchase of 6,000 John Brown at 37p, down from 94 in a year and on a 15 per cent yield, buying them all the way down to 22 on January 5 1983, when we held 28,000.

By the beginning of 1983, however, there were distinct signs that the tide was on the turn. TI Group, Birmid-Qualcast, Turner & Newall, even poor old Borthwick at 19, were well off their bottoms.

Our portfolios (myself and Mrs Carter) were moreover reaping the benefits of much earlier purchases of recovery shares at bargain basement prices. Our 27,000 Allied Lyons shares had doubled and Mrs Carter's residual 5,000 Burton shares (after 100 per cent scrip issue) had trebled during 1982. I bought these in the autumn of 1976. Our 30,600 Ward White shares had also come up from 50 to 83.

Our portfolio at January 10 1983 had a market value of £218,600 compared with £155,900 a year earlier. I had however injected £6,000 from maturing mortgage endowment policies and another £6,000 from a bank surprisingly good year, but with much better to come.

FINANCE AND THE FAMILY

Removing party wall

My house is semi-detached and the chimneys are intact. Behind the chimney breast in one room is my gas central heating boiler. My neighbour tells me that he has knocked away bricks on his side of the dividing wall in order to make his room bigger. In other words he has chopped away the protruding brickwork as far back as what were (in his case) the two recesses to make it a straight wall. I do not know how far up towards the ceiling he has done this. He does not have a boiler at the back of his chimney breast.

Had he the right to do this? Was there not an easement i.e. a mutual right of support in that chimney breast brickwork. If he has done wrong, what tort has he committed and what might I do about it?

The wall appears to be a party wall. As it is not in London your neighbour can remove his part of the wall so long as he does not withdraw support from your part. In other words there will be no tort if the wall remains stable. If the wall has become unstable there will have been a tort (nuisance) committed. It is also likely that there will have been a technical trespass if any of the fabric on your side of the notional dividing line was touched, but no damage seems to have ensured from it.

Resisting charges

I am non-resident and have been in the habit of placing all my Stock Exchange business through the London chief office of my Scottish bank, the shares being registered in the name their London nominee company. Dividends have been credited to my account and subsidiary tax certificates have been provided for which a charge has been made. I have recently received a letter giving details of a scale of charges which has been introduced, and will, I am informed, be applied to cover the iltems held on my behalf at the end of the current six monthly charge period. This letter is dated exactly 28 days before the end of the charge period i.e. five months charges had already accumulated before I was advised of the position, thus leaving me very little time to take any steps to avoid or at least reduce the costs which not only include a holding charge but also an "ativity" fee.

We think that the retrospective charges would not be justified. You should advise the bank that its communication has arrived too late to enable the charges to be made for the six-month period in question. Your hand would be strengthened if you are unwilling to pay the charges in future and are, therefore, withdrawing your custom from the bank in question, at least as to your Stock Exchange dealings.

Right of way

Our house was built in 1960. The legal position of the road leading to it was then in doubt and an insurance policy was obtained to indemnify against a legal owner barring a right of way. This policy covered a period of 12 years. It has since been ascertained that the road was a public road which had been stopped by order of the Quarter Sessions in 1870. Additional land adjoining the house was purchased in 1980 and planning consent for a bungalow obtained. When it comes to selling the plot for this bungalow can we convey a legal right of way? What is the legal status of the road now? Does one acquire access in 12 or 20 years, if at all?

Legal right of way (easement) is acquired after 20 years' unhindered continuous user. If therefore you have been using the road (together with any predecessors in title) since 1960 you will have acquired an easement by prescription. It is helpful if you record now the extent of the use which has been made by making a statutory declaration yourself and obtaining statutory declarations from anyone else who can say of his or her own knowledge that the road has been used on foot and with vehicles for the benefit of your house. This will, however, probably not confer a right of way in favour of the proposed bungalow.

Sharing a flat

Mr A (a batchelor) and Mrs B (a widow) intend to live together in Mrs B's flat, the deed of which are still in her deceased husband's name. A and B will wish to put the flat into their joint names. Can this be done by a simple deed, and if so how should this be worded? No consideration would pass, unless you think it necessary. Would the question of stamp duty arise? It is necessary to go to a solicitor?

It is not necessary, but it would be wise to consult a solicitor. First probate of the deceased husband's estate has to be obtained so that the property can be assented to his widow. Then an appropriate deed of gift or declaration of trust will be required. Stamp duty will be payable if the value of the interest transferred exceeds £30,000.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

There's no gite like home

BY ARTHUR SANDLES

"BANG." The noise echoed through the little old house like a cannon shot. The next moment the bathroom door was flung open and a very frightened looking occupant tumbled out. "Bloody hell," she shrieked, dropping all pretence at gentility for the moment. "Does that thing have to do that?"

Whether it—the water heater—had to do it or not, it continued to do it throughout the following week despite various tamperings. *One just had to remember not to wash your hands in warm water if a surfeit of local grape juice forced an early hours visit to the room in question.* Otherwise, the whole house was shaken into awareness and some alarm.

Such are the little dramas that *villa rental* can be made of. Since that episode, water heaters have lost some of their amusement and one hopes that they are all both quieter and *safer than that monster.*

It is rare, however, for the taking of a villa or gite, apartment or (that splendid meaningless American description) *condominium, for there not to* be some adventures. I have had blocked drains, the inevitable ant invasion, mice, leaking roofs, stroppy maids and faltering electricity. *But I am not deterred. Give me a villa any* day rather than a hotel.

The first signs of fun come immediately after the airport. As often as not it is dark and you have been handed the keys *to a strange car by someone* who almost speaks English. You have a piece of paper with detailed instructions on (a) how to find the villa and (b) where to find the keys.

The argument between map *reader and driver, both of* whom are tired, adds a little zest to the mix. You can usually bet that the place where the map tells you to turn left is *now a no-entry. On the Algarve* (where I am assured all the water heaters now are safe) the local authorities also have a habit of removing the villa signs because they are unsightly — and they are always removed and so no-one will spend money on nice ones.

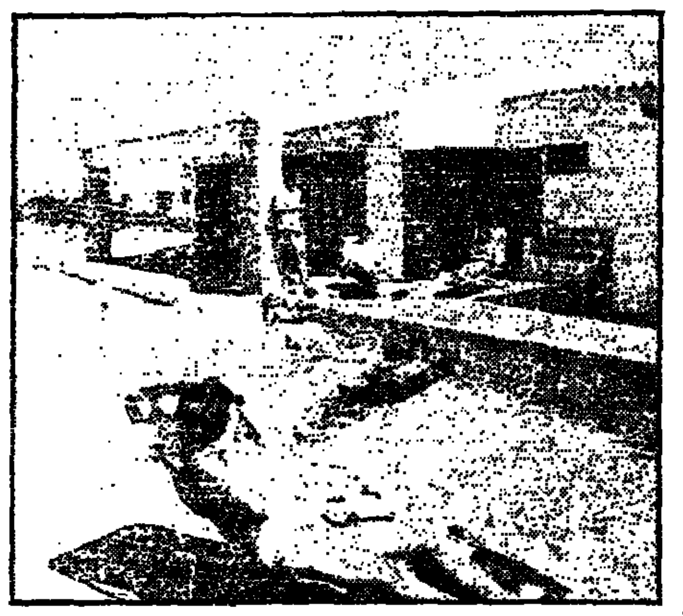
In case you and the children are getting bored, you then have your life enhanced by "the *finding of the key" (It is in the* flower pot, not, as you were told, under the mat); the finding of the light switches (the system has been turned off at *the mains, the switch to which* is in the garage which is locked —see "keys"); the turning on of the gas bottle and the lighting of the pilot lights (with a *slight diversion for the finding* of the matches); the finding of the pillows, the sorting out of which room is whose, the *first breakage* and the mysterious noise.

I have stayed in house when none of this happened. It was crushingly disappointing. In some countries you can rely on more—for more—diversions than are normal or acceptable (there was the washing machine in France that burned my shirts, for example, since I had failed to turn on its water supply) and others which are boringly straight forward, into which category I would put *almost any rented property* in the U.S. I would have thought a nation which has taken so eagerly to Trivial Pursuit and computer games would prefer *to have a little more adventure* and surprise in its holiday property rental.

Otherwise, the main national villa differences are these:

France: Properties tend to be older and converted. Expect to *spend lots of time finding out* how things work. The bathroom-to-bedroom ratio is generally bad. Very high marks for atmosphere, low marks for *amenity. Maid service rare.* Usually relatively inexpensive. If you prefer modern properties head for Brittany. Swimming pools are rare. Some of the *best villa companies operate* there.

Portugal: The real homelands of British villa rental. A huge range of modern properties *ranging from big villas to small* bed-sits. Most properties have a pool of their own or, in the case of terraced houses or flats, have access to one. Read the *brochures carefully. Some villas* are on estates, some attached to hotels, some in towns, some in the wilds. Basic maid service normal. Initial costs can seem high, *but local living is cheap.*



A holiday villa in Portugal's Algarve

Spain: Similar to Portugal but slightly fewer middle grade *properties—in other words it is* easier to find flats and big villas *than things in between.* Private pools are frequently available but not necessarily the norm, but the Spanish sea is warmer than Portugal's Atlantic bathing. *Properties are mainly* modern, often on urbanisations, housing estates. Standards are usually high and prices slightly lower than those in Portugal, *say £400 in a really good villa* with pool and self-drive car for each of four people on the Costa del Col against around £450 for the same thing in Portugal. Some maid service normal. Dozens of tour operators—see *your travel agent.*

Italy: An enormous range which makes comparisons difficult. Inland converted old houses are particularly attractive. Pools rare and properties having them can be exepnsive. Lots of apartments in seaside resorts. Some maid service. Prices comparable with Spain. See your travel agent. The CIT villa brochure will give a good basic guide to what is available *and the price ranges.*

Greece: Similar to Italy but fewer modern properties. You may have to hunt hard to find exactly what you want. Swimming pools are rare. *Brochures* tend to be heavy on information about the resort and the area around, and light on real facts about the villas—a bad sign as *far as villa standards are concerned.* My own experience has taught me to be very wary about villa location. Greece can be extremely noisy at night. Be particularly wary of high season discotheques and roads with *motor-cycle traffic.*

Scandinavia: Accommodation tends to be in log cabins, usually in woodlands and/or beside lakes. Excellent for children. Not recommended for wine-guzzling gourmets (*Denmark is somewhat better for* them than Norway or Sweden) unless you take crates of your own and have a cordon blue family member. No maid service. *Few nasty shocks* from gas/electricity/drains.

Britain: *Mainly converted* properties. Flats at the seaside, cottages inland. More expensive but higher standards than in France. Pools and maid service rare. Great asset is that domestic clients can inspect before book*ing if they make the effort.* Details from local tourist boards.

Best winter greens for tee-merchants

WHEN GARDENERS start *delving into their seed* catalogues golfers tend to begin searching the holiday brochures for sunnier winter greens abroad.

Spain's *Costa del Sol is still* the most popular destination—but even with almost a score of courses to accommodate the visitors, there have been growing complaints about overcrowding, slow play and rising *costs. Daily green fees* at championship courses like Aloha and Sotogrande are now £20, a significant addition to a week's passage for two.

In fact, membership at Aloha —like many other clubs on Spain's southern coast due to go private shortly—is now an attractive feature of time ownership packages being offered by Marbella Fairways whose luxurious villas stand above the 14th fairway.

A guaranteed week's golf for each of the next 20 years, in addition to the other well-publicised attractions of nearby Marbella and Puerto Banus, would cost an average initial outlay of about £4,000 that way.

To each according to his taste and means. Aloha is a magnificent course and it would be a long time before Henry Cotton's favourie 10th hole began to pall.

But if it is a one-off holiday you want in the sun, there is still a corner of Spain where you *can play one of the world's 50* best courses, for £7.50 a day, and without being sandwiched between a couple of four-balls that might rival P. G. Wode*house's famous "wrecking* crew."

America's Golf Magazine listed El Saler, near Valencia, which was opened in 1967, at 32nd internationally—between the Riviera course at Pacific Palisades in *California* and Troon. It was the venue in October of the Spanish Open, scene of Bernard Langer's memorable round of 62.

Valencia lies off the main tourist track. The packaged golfer travels with the Benidorm trippers to Alicante, then *drives the last 100 miles north.*

The five-star Sidi Saler Sol hotel, overlooking a white-sanded beach, provides a comfortable base for the golfing forays a few *kilometres* along the coast.

El Saler is a stiff test. Over 7,000 yards off the championship tees, a par 72 with a standard scratch of 75. Even off the forward tees, it does *not concede much, still over* 6,700 yards with a standard scratch of 73.

But it provides a fascinating combination of inland and *links golf. The first four holes* are played through pine trees. Marvel, as you stand on the third tee before tackling the cunningly-angled par five dog-leg to a tree-shrouded green, how Sandy Lyle could possibly hook his drive to the distant road.

An uphill drive at the fifth takes you out into rolling links beside the sea, and in September at least into a refreshingly *cool breeze. Spacious fairways* encourage a free swing, until from the top of the dunes a 145-yard par three 9th drops steeply back to the pines again. An accurate line is then the priority until the back nine, too, emerges on to the links.

Each successive round at El Saler reveals new vistas, awakens awareness of the subtlety of its lay-out. The *satisfaction of an 82 gave me* a proper appreciation of the artistry of Langer's 62.

But this is not all the Valencia region has to offer. Just north of the city is Club de Golf Escorpion—a course that begins placidly but with a real sting in the tail.

Its 6,710 yards was carved out of extensive orange and lemon groves in 1975. In *season, thirsty golfers* are allowed to pick the oranges they want. Out of season, earthenware flasks of ice-cold water are hung from the tee-side trees.

Reed-covered ponds guard several of the greens in contrast to El Saler. Perhaps the most memorable holes are the ninth —a 600-yard double dogleg, designed to avoid *uprotting* a 200-year-old tree—and the 10th, a 512-yard par five with a split fairway, offering approaches to the green from right or left, or boldly over scrub.

Director Jose Aznar runs a *most hospital club and even a* had round quickly tends to fade in the palliative atmosphere of the 19th, an old farmhouse now being decorously refurbished.

Timeshare details at Aloha from Marbella Fourteen, 6, *Westminster* Bank Chambers, London Bridge, London, SE1 9QQ.

Valencia holidays from Blue Arrow Holidays, Camp Road, St Albans, ALI 50A.

By Philip Rawstorne

Japan joins the mudlarks

BY STUART MARSHALL

LAND ROVER assumes that anyone buying a four-wheel drive is going to climb mountains with it, cross burning deserts or slurp around axle-deep in mud. If you are, then there are few better choices than the new Land Rover 90 and 110 or their up-market cousin the Range Rover.

In reality, most Land Rover owners I know keep to the road for 95 per cent of the time. And a lot of Range Rovers clearly never have to climb a tougher obstacle than a high kerb in London S.W.3.

For every buyer who really needs go-almost-anywhere capa*bility, there appear to be* several who buy a 4x4 as a fun car or a fashion accessory. Others are looking for a big estate car substitute that will take a family on holiday, tow a boat or horsebox and won't get stuck on the infrequent occasions when they leave tarmac for a muddy field.

Japanese makers like Daihatsu, Suzuki, Nissan, Toyota, Subaru and Mitsubishi are well aware of this. None *of their products is a match* off-road for a well-driven Land Rover, nor is it meant to be. But they are carving up the recreational four-wheel drive market with vehicles that strike the right balance between driving comfort, civilised amenities, fuel economy and initial cost. Plus, of course, enough 4x4 traction and ground clearance to get in and out of difficult places: *and gearing* that lets them pull big loads.

Mitsubishi Shogun 5-door. An attractive alternative to a large estate car for owners who want to tow large trailers economically and in comfort.

Mitsubishi's long-wheelbase Shogun five-door has a 2.3 litre turbo-diesel engine, a choice of rear-wheel or all-wheel drive at the pull of a lever, independent front suspension and seats for seven people. After driving it for *nearly 500 miles recently,* I rated it highly. It cruised on the motorway at 70-75 mph quietly enough for the radio to be enjoyed and returned 26.3 mpg for a mix of motorway, city centre and suburban use and *some off-roading.*

Steering is power-assisted and is very *light indeed.* The Shogun handles well—not as well as a permanently four-wheel driven Range Rover, but better than a Toyota Land-Cruiser estate, which is perhaps its nearest equivalent. The five-*speed gearshift* and clutch are so positive and light they would be considered good by saloon car standards; for a big and beefy off-roader, they are quite exceptional.

It cruises so quietly at a *shade over 20 mph per 1,000* rpm in fifth one can simply forget that it is a diesel. The 4,500 rev limit gives 60 mph indicated in third, over 70 mph in fourth and the Shogun has no trouble in keeping up with the rush-hour pack. The transmission is almost silent—the transfer gearbox is chain driven —and the Bridgestone radials run very quietly on the highway. Off-road, their pattern tends to fill with soft mud and traction can be lost.

On and off the road, it rides very well. The extra wheelbase —106 in compared with the short Shoguns 92.5 in— eliminates the pitching tendency. The front seats are *outstandingly* comfortable, the middle row a little less so because the backrest is fairly close to the vertical. The fold-down occasional seats in the rear are not for long journeys, even though legroom is more than adequate. Headroom is just about unlimited.

I would like to see a horizontally split tailgate offered as an alternative to the standard side-hinged rear door, *which won't stay open if you* park o na slight incline. It can be unlocked with a key or from the fascia. Mounting the spare wheel on the door reduces rear visibility and makes parking more difficult than it need be because *no effort* is involved in twirling the Shogun into a meter bay.

The Shogun is so tranquil and mechanically refined at motorway speeds I could see myself happily driving one over long distances, cruising at around 70 *mph and having to refill the* 20-gallon tank only at 400 mile intervals. Colt Car Company, which imports Mitsubishi cars, has set its eyes on the horsey *market. The Shogun fiev-door* turbo-dieesl costs £12,469, or £12,949 with a radio, limited slip differentials and electric windows as a "Diamond *option*" pack. Order one and a Rice Beaufort double horse-bock at the same time, and they will arrive in matching colours for £15,708. You pay more for *a four-door Range Rover on its* own.

Guide to the M25

● ***Mapping the M25:*** *In less* than two years, the M25 London *Orbital motorway will be complete*, bringing relief to millions of *drivers* and to tens of thousands of householders, now disturbed by traffic that shouldn't be going past their homes at all. The best map of the M25 to date is a two miles-to-the-inch sheet, recently published by the AA at £1.25. It is clear, shows when the bits still under construction will be opened—and it should make it impossible for anyone to take the wrong exit.

Foreign property market

BY JUNE FIELD

BRITISH AGENTS dealing with overseas property over the last 12 months saw 1984 as a tricky year.

Sales are taking longer to complete. The days of closing a deal before an inspection flight reached the ground are over.

Many clients go out several times before they buy and could be on the books for a year before they commit themselves, says Eve Branson who runs Binibella, specialising in Menorca. *"After all, you cannot expect to get to know an* island over a weekend."

But she foresees a good year ahead: "Probably the best we *have ever had." (For a pro*perty portfolio of studios from £10,000, farm labourer's cottages in the rough from £13,500, or villas with small *holdings at around £100,000*-plus, popular for retirement, contact Binibella at their new offices, The Roof Garden, 99 Kensington High Street, London, W.8.)

At Prince Alfonso Hohenloe's new Marbella Club, Dragon Bay, Jamaica, investors are getting a god return on the luxury lease-back villas. And agent Felicity Hoare, who less than *a year ago* set up the residential overseas property side of merchant bankers Robert Fraser in Albemarle Street, W1, reports that Walt Disney Productions *have hired the whole complex* for the summer to make a film.

At the end of her first year running her own show as Euro Property Advisers in Salisbury and London, *Jennie Pinder* finds that a new trend is that her company is being brought in as confidential marketing and sales consultants to expatriate companies considering major European property projects.

Montpelier International, run by Hugh de Mayer, says that it has done *so well* that it has gone into developing, building in Portugal, Spain and Majorca.

In the south of France the market has been strongest in resale villas. "As prices have remained virtualy stagnant for the *past three years, there are* still worthwhile bargains to be had," says David Vaughan, of Chesterions Overseas, who can be contacted at Chesterton,s 116, Kensington High Street, W8.

Puerto Scotogrande, near the border between Spain and *Gibraltar, where a new marina is planned.* Existing apartments sell around £20,000 to £65,000 *through Fincasol, 0722 26444, and Chestertons* Overseas, 01-937 7244.

A "new" area to watch is Portugal's Estoril resort about 15 miles from Lisbon, where I went to the new casino recently. A *handsome* block selling elegant apartments from around £50,000 is Lago Monte Estoril, where a swimming pool, putting green, amphitheatre and children's games *area is under con*struction. Details from Elizabeth Adams, George Knight and Partners, 3a, Wimpole Street, W1.

The biggest boost for those selling and developing property around the Sotogrande part of the Costa del Sol is the planned full opening of the border be*tween Spain and Gibraltar next* month.

When the massive iron gates that have been locked since 10 pm on Wednesday, June 9 *1969 swing open*, the property men will be there to welcome the punters. For Fernando Montojo, creator of Puerto Sotogrande, the fast-selling complex adjacent to the main sotogrande golfing estate, a 20-minute drive *afaw from the border*, it means that he can at last go ahead with his long-projected marina.

At Sotogrande this week, Sr Montojo told me that he has the necessary official permissions for wat will eventually be a 1,500-berth marina with a mix of 1,500 low-rise apart*ments and town houses plus* a 60-bedroom hotel.

Finance is being finalised through Saudi, South African and English contacts, and the Spanish Government have offered loans and grants, says Fernando: "A sure sign that they believe that the overall development will bring more *jobs and considerable pros*perity to this under-used quiet area." He says that the harbour alone is expected to cost around 1,500m pesetas, some of *which will be paid for by the* sales of berths and apartments.

Francois Spoerry, creator of the innovative Port Grimaud in the south of France, originally *advised on what promises to* be a most exciting undertaking with arcade shops and spiral stairs to the living quarters, all by the water. Initial prices are *being kept low as an induce*ment to buy and, as a starter, studios are expected to be from around £25,000, three bedroom units about £57,000, all backed by bank guarantees. Discounts of up to 20 per cent will be offered on berths.

Or you can buy one of the apartments on the existing development overlooking the Rock, from £20,000 to about *£65,000* or so.

Capital appreciation here has already been such that the £35,000 penthouses I first saw six years ago now change hands for £100,000. For details contact Sr Montojo, Puerto Sotogrande, *P.O. Box 3, Sotogrande*, Cadiz, Spain.

● A *useful new booklet, Spanish Legal Services* is free from Michael Cotterhill, Glaisyers, solicitors, Alpha Tower, Suffolk Street, Birmingham BI 1TR.

BOOKS

Disastrous air-drop

BY RICHARD ADAMS

The Devil's Birthday by Geoffrey Powell. Buchan & Enright, £9.95. 276 pages

The Battle of the Bulge by Charles B. MacDonald. Wiedenfeld & Nicolson, £12.95. 704 pages

After the Normandy *débâcle* of August 1944, the Germans' precipitate retreat to Holland disposed the Allies wishfully to believe them demoralised and incapable of further determined opposition. This misjudgement underlay not one but two major errors which probably prolonged the war and certainly cost the Allies over 100,000 casualties. The first was Operation "Market Garden" (the airborne offensive in September), and the second the subsequent, misconceived strategy of the Broad Front. Colonel Powell's book relates to the former and Mr MacDonald's to the latter. Although both authors fought as company commanders in the battles of which they write, each remains admirably detached.

Colonel Powell's book, which runs to no more than about 100,000 words, constitutes in my view the best-researched, most comprehensive, balanced, succinct and scholarly account of "Market Garden" yet to be published for the ordinary reader. No popular work on the subject approaching this quality has appeared before. This is high praise, but after two careful readings and full consideration I cannot modify it. The book's great merit is the author's creditable sense of proportion. Precisely the proper amount of emphasis and weight is attached to each factor in the story, and each is dealt with at the right length. The over-optimism prevalent at SHAEF in mid-September; the intensifying feeling that the Airborne Army, waiting in the wings since D-day, had *got* to be used soon for something or other; the resultant time-scanted planning of "Market Garden," which left too many strings untied and under-rated the enemy's continuing will to resist. ("But the Germans, General, the Germans!" protested Sosabowski, the intrepid commander of 1st Polish Para. Bde. Group, at one conference); the disastrous decision to drop 1st Airborne Division in two lifts on successive days, eight miles from the objective bridge, which in consequence most of it never reached; the excessively demanding tasks assigned to 82nd and 101st American Airborne Divisions, which they performed with the utmost heroism and efficiency; and above all, the delays and checks experienced by Second Army as they fought their way, behind schedule, up the corridor from the Meuse-Escaut canal to Nijmegen (but not to Arnhem).

The whole familiar, tragic story is told with laudable comprehensiveness, clarity, economy and evaluation of cause and effect. As regards narration and presentation, it is hard to see how the book could have been planned and written better. I personally think that that applies also to Colonel Powell's summing-up and general conclusions; though here, of course, there will always be debate. What episode of the war remains so controversial as "Arnhem"?

Of particular interest is Colonel Powell's contention that we might very well have done better not to have had any airborne divisions at all. While small *coup de main* airborne operations (Eben Emael, Bruneval, Skorzeny's rescue of Mussolini) were often successful, the large ones, whether Allied or German, were almost always bloodily costly and often became disorganised and hard (sometimes impossible) to keep supplied. The plain truth is that under modern conditions of warfare, infantry, however élite and brave, cannot fight effectively for long—and in particular cannot attack—without artillery, tank and air support and without reliable re-supply.

I well remember our company commander, returned from Holland, being asked by someone what had gone wrong. He paused a moment, shrugged and then replied, "Too many Germans." For an airborne formation placed for long behind enemy lines, that is always likely to be the size of it.

After the failure in Holland, SHAEF settled down for the winter to the fatuous non-strategy of the so-called "Broad Front." This, flat contrary to everything in Clausewitz, really stemmed from Eisenhower's inability to control his American commanders and readiness to compound with the American cult of *individual* success. Every American general had to appear as a big shot. (Similarly, General Mark Clark had already brought to nothing the Allies' chances of cutting off Kesselring's retreat in Italy by his determination to be the personal liberator of Rome). This led to precisely what General Montgomery presaged. We got "a bloody nose" from being spread too thin and continuing to under-rate the Germans.

I have never been able to understand the fascination some people seem to feel for this episode of the war. The brain-child of a sick zany in decline, it never had the slightest chance of success. (One recalls the only sensible remark ever made by General Patton: "Why not let 'em through to Paris and saw 'em off at the base?") Within 14 days the entire German force was either destroyed or back on the start line; and with its failure vanished all vestigial German hopes of averting total defeat. Furthermore, despite the outstanding personal courage of many of those involved in the fighting, the occurrence reflects little credit on the Allies, for Hitler, shrewd even in ruin, was alert to exploit the friction and discord he had perceived between the Americans and the British, while his generals were at least successful in deceiving our intelligence and exposing the Broad Front as strategic rubbish.

Lt. Gen F. A. M. Browning, commanding the British Airborne Corps (left) and the Deputy Supreme Commander, Tedder, discussing plans with an American Brigadier General before 'Market'—one of the illustrations in 'The Devil's Birthday'

However, for them as likes it, here it all is, ably but much too lengthily narrated in some 280,000 words. Mr MacDonald, Deputy Chief Historian of the U.S. Army and an official army historian for more than thirty years, unarguably knows it all and gets it right. His conception of a popular work for the general public will, I think, appeal to American rather than to English readers. It begins "Located in western reaches of the Ardennes . . . the village of Bande had little distinction." (Skip a page or two). "Elise Delé and her son Jean plodded through heavy mist along a deserted highway . . . " etc. Mr MacDonald makes copious use of *oratio directa*, too. "O'Farrell's head and shoulders emerged from the turret. 'Well Jesus Christ,' blurted Foy, 'if it isn't O'Farrell . . . Haven't seen you since Fort Knox.'"

The book is well enough, but I honestly can't imagine many British readers persevering from cover to cover.

Chocks away!

BY MICHAEL DONNE

At Home in the Sky: The Aviation Art of Frank Wootton by Mary H. Valdivia, Smithsonian Institution Press, £9.25, 64 pages, 31 illustrations

Those Magnificent Flying Machines: A Pilot's Autobiography by Don Robertson. Blandford Press. £9.95. 160 pages

Not Much of an Engineer: the Autobiography of Sir Stanley Hooker Airlife. £14.95. 255 pages

Boats of the Air: An Illustrated History of Flying Boats, etc. by David Wragg. Robert Hale. £12.95. 260 pages

The Air Defence of Britain 1914-1918 by Christopher Cole and E. F. Cheesman. Putnam (The Bodley Head). £25.00, 486 pages

Any aviation buff with a book-token to spend will find the choice is wide; there is so much variety from fiction through to the most meticulously researched and scholarly historical works.

Being an unashamed picture-book man — and aviation lends itself superbly to this form of publishing—I have no hesitation in putting at the top of my list a slim little volume, paperbound, called *At Home in The Sky: The Aviation Art of Frank Wootton*.

Believed by many to be the finest aviation artist at work today, this little book is a valuable introduction to Wootton's oeuvre for those who have not yet encountered it and it is bound to encourage them to look for more. It is no more than the introductory catalogue to his recent exhibition at the the National Air and Space Museum in Washington, but what an introduction!

Covering much of the past 50 years, the book contains only 64 pages, with 16 colour illustrations and 15 in black-and-white, with a well written and sensitive commentary from Mary Henderson Valdivia, curator of art at the Museum. The paintings reproduced are delightful, and stimulate the appetite for more. Much of Wootton's work is inevitably in the private collections of aerospace companies, airlines and connoisseurs, but there is, on the evidence of this little volume, the need for a much bigger, fuller study of Wootton and his profound influence upon aviation art.

Also very much a picture book, but with a most amusing and stimulating text, is Don Robertson's life story, *Those Magnificent Flying Machines*. It could be said that one test pilot is very much like another, and that they all lead exciting lives. But few of them can tell the tale as well as Don Robertson, whose career ranges from bush flying in Canada before the Second World War through to eventual naval test flying at Boscombe Down on Salisbury Plain. For me, the especial pleasure lies in the pictures (black and white) which are highly evocative, for they include a number that I (and I am sure many other readers) will have flown in the course of their aviation careers, especially the de Havilland Moth Minor, in which I learned the trade.

All those who knew Stanley Hooker will have recognised that he was one of this country's greatest aeronautical engineeers, and arguably its foremost gas-turbine engineer. It is not going too far to say that had Sir Frank Whittle, inventor of the jet engine, not had the good fortune to encounter Hooker in the early years of the war, the speed with which Whittle's invention reached the production stage would never have been possible. Hooker's genius was to grasp the significance of what Whittle was doing, and translate it into mass production, something Whittle could never have done by himself.

The humorous irony of the title is typical of Hooker, for he was a very humble man. He does not gloss over the, sometimes terrible, rows he had, especially with Lord Hives, the brilliant but irascible boss of Rolls-Royce, which eventually led Hooker to join Bristol Siddeley. Hooker's book was published on the day he died, adding poignancy to the tale he tells. But it is a good tale, of absorbing interest, and those in aviation who have not yet read it should rectify the omission at once.

For the aviation historian, I have selected two only from a large number of recent publications. They are more scholarly than most. *Boats of the Air* is a fascinating, if brief, account of that most elegant of aircraft, the flying boat and seaplane in its various forms (and they are many and varied). The history of such craft deserves a much longer and more detailed work, but David Wragg writes informatively and lucidly, and his book will make an excellent gift for the aviation buff.

The Air Defence of Britain, 1914-1918 is one of those magnificently detailed tomes we have come to expect from Putnam over the years, chronicling the historical genesis of the RAF and the aerospace industry. This latest volume describes fully the work of the British aircraft and crews charged with repelling the German raiders of the First World War, Britain's first experience of aerial bombardment, which was in its day a most traumatic experience.

The meticulous research involved is admirable, and without sacrificing historical fact the authors produce a most readable volume. While primarily for the aviation historian, it is nevertheless of interest to all aviation enthusiasts.

A statue of Avalokitsevara, the multi-armed deity who works for the good of all sentiment beings. Each hand conveys a separate meaning—one of many fascinating illustrations in 'The World of Buddhism' edited by Heinz Bechert and Richard Gombrich (Thames and Hudson, £20.00).

Fiction

Two Russians

BY RACHEL BILLINGTON

Islanders and The Fisher of Man by Yevgeny Zamyatin, translated by Sophie Fuller and Julian Sacchi. Salamander Press, £7.95, 95 pages

The Burden by Vladimir Rybakov, translated by J. R. Dorrell. Hutchinson, £8.95, 170 pages

These are two extraordinary books. Both are written by Russians who left their country to live in Paris. *Islanders* was written in 1917 but has not previously been published here. Zamyatin died in 1937, subsequently becoming known in the West for his anti-utopian novel, *We*, forerunner to *1984*. Unlike *Islanders*, this has never been published in Russia. *The Burden* is Vladimir Rybakov's first book to appear here and it seems to be a first novel. He left Russia in 1976.

The novels are very different. Zamyatin uses words with the kind of fantastic inventiveness which makes him seem more in line with surrealist painting than other fiction. Indeed he is quoted as saying: "Literature is painting, architecture and music" — a statement which would seem highly pretentious in any other writer. Realism held no interest for him. His style reflects his view that a continual state of revolution is the only acceptable way of life.

In 1923 he wrote:

> Life itself has lost its plain reality: it is projected, not along the old fixed points but along the dynamic coordinates of Einstein, of revolution. In this new projection, the best-known formulas and objects become displaced, fantastic, familiar-unfamiliar. This is why it is so logical for literature today to be drawn to the fantastic plot, or to the amalgam of reality and fantasy.

Islanders is a fairly straightforward story in essence which is transformed into something else by the manner of the writing. Zamyatin worked in Newcastle as a marine engineer during the war and the narrative unfolds in a dour Northern town where society is regulated by a rigid code of behaviour. Zamyatin flings into this scene the innocent Campbell who is soon caught in the cross fire between the stern vicar and the rebellious Irish solicitor, O'Kelly, with his seductive but unreliable friend, Didi. O'Kelly may be the hero but Campbell is the victim, hanged as a scapegoat to outraged public morality.

This anti-British story helped to make Zamyatin's name in Russia and it was only when he turned the same penetrating eye on his own society that he fell out of favour. In 1931 he wrote to Stalin asking to be allowed to leave the country since he was no longer allowed to write there. At the intercession of Gorky, his request was, surprisingly, granted.

Zamyatin, with his original and carefully thought-out views on writing, should have been the inspiration for following generations of writers such as Vladimir Rybakov. However this was only possible for those writers who left Russia and found publication in the West. In fact, *The Burden* would have been unlikely to have pleased Zamyatin. He detested the slice-of-life type of novel which he thought a retrogressive step in every way.

Rybakov has set out to convey the experiences of a soldier in the Russian army guarding the Chinese border. Like Rybakov himself, the soldier is only partly Russian. He is an educated rebel with a Polish father, part-gypsy mother and a childhood spent in Paris to whose freedom he yearns to return.

The power of the book comes from the close documentation of the horrific conditions which the soldiers suffered (and presumably still suffer) and also from the central relationship between the protagonist, Maltsev and his friend, Svezhnev. Svezhnev is both his greatest friend and his greatest enemy for he insists on acting out of principle while Maltsev has long ago decided that the only principle worth following is that of self-preservation. Svezhnev dreams of changing the system. Maltsev of escaping it.

It is a grim picture, ending, predictably with Svezhnev's serving seven years in a prison camp for striking an officer he did not strike and Maltsev playing sick in order not to have to testify at his trial. Maltsev is given permission to emigrate to Paris. A shocking moment, standing out from brutalism, death and despair, is Maltsev's deliberate burning of his friend's poems.

Crimes

BY WILLIAM WEAVER

Death Swap by Marian Babson. Collins, £6.95; 159 pages

In her last-but-one *A Trail of Ashes*, Marian Babson narrated the problems of an English family living in the States thanks to a house swap. Here we have the other half of the story, the misadventures of an American couple with two kids living in a town near London. Some of the difficulties are predictable and familiar (left-hand driving, differing interpretations of expressions such as "to knock up"); but when it becomes clear that someone is deliberately attempting to murder the husband, then the jokes turn grim. All is told with a liberal admixture of the admirable Babson irony.

Exit Lines by Reginald Hill. Collins. £6.95, 262 pages

Each chapter of this rich novel is headed by the *famous* last words of some historical figure, ranging from the Emperor Vespasian to James Thurber (a key on page 5 tells you who said what). And the quotations are apt, not only because this is, of course, a book about death, but also because it concerns old age.

Going great guns

BY SARA EVANS

Purdey's: The Guns and the Family by Richard Beaumont, David and Charles, £15.00, 248 pages.

The Purdeys have always managed two things very well: they have kept going a family-business through nearly two centuries and some very difficult times of war and depression, selling a product that was always up-market; and they have managed to preserve an excellent, almost familial relationship with their employees on the one hand, and with Europe's titled and crowned heads, their customers in fact, on the other.

The author of this history is the present chairman of the company. He has lovingly and meticulously assembled what is both a family chronicle and a history of gun-making. The book includes the letters, the photographs of family, employees and customers, the vital statistics of the guns themselves, and the requirements of the people who bought them.

The detailed records that were kept of each gun, and the care with which it was made are reminiscent of the treatment nascent Rolls-Royce cars receive. Both are peerless products of their kind.

The guns Purdey sold were never cheap, not even when James Purdey (the founder) set up shop at 4 Princes Street off Piccadilly in 1814. Then a new best double-gun cost the not inconsiderable price of £55. In the 1960s it had risen to £2,000 for an over-and-under, with a four-year wait for delivery. By 1971 the cost jumped to £5,000, £7,500 by 1976 and £15,000 by 1978.

The company fortunes did not always run smoothly. Purdey supplied an upper-class need, and in consequence, suffered from the upper-class attitude to business transactions. In the 19th and early 20th century the rich and titled were notoriously slow to pay their bills. The first James Purdey supplied his goods on terms that would raise a gasp of disbelief at Mercantile Credit, with gaps of 10 years and more between sale and final settlement. So it was hardly surprising that by 1847 Purdey was in financial trouble, caused mainly no doubt by cash-flow problems, but also, as Richard Beaumont suggests, the political and social climate of the day.

There followed good times and then more bad times, when customers were thin on the ground and when the famous company had to turn to tool-making and repairing other (inferior) makes just to keep a workforce occupied and together. Then the good times, when by 1977 the company's finances were on a firmer footing, up to the present day with celebrations of 100 years of the building of the front shop and last year's centenary of the building of the Purdey-Beesley action.

Richard Beaumont has written a carefully documented history of a family, a business and a way of life which must have few parallels today in our era of mass-consumption.

Second best policy

BRIDGE

E. P. C. COTTER

IN HIS recently published book, **The Other Side of Bridge** (Methuen £7.95), Victor Mollo turns from technique to the "personal equation," as Ely Culbertson called it; that is to say, from science to psychology.

From the chapter entitled "Honesty — the Second Best Policy," let us examine this deal:

N
♠Q 9
♡8 6 4 2
◇K 5 3
♣A 10 5 4
E W
♠8 7 6 5 3 2 ♠10 4
♡J ♡Q 10 3
◇Q 10 9 6 ◇J 8 7 2
♣J 8 ♣Q 7 6 3
S
♠A K J
♡A K 9 7 5
◇A 4
♣K 9 2

South dealt at a love score and bid two hearts — two no trumps is better — North raised to three hearts, South rebid four diamonds, and after North's response of five clubs went six hearts, which became the final contract.

West opened with the ten of spades, the declarer won in hand with the King, and cashed Ace and King of trumps, East showing out on the second round. At this stage the technician decides on an elimination and throw-in. He cashes the Ace and King of clubs, followed by Ace, King of diamonds and a diamond ruff in hand, then plays off his Ace and Knave of spades. Then, if West has not already ruffed, he is thrown in with a heart to his Queen. Unless he holds a third club with which to exit, he cannot avoid presenting the declarer with a ruff discard.

However, this is not a line of play that appeals, because West, who is marked by his lead with a singleton or doubleton spade, is at least unlikely to have only a doubleton club. The psychologist does better. He eliminates diamonds, does not touch clubs, and cashes only the Ace of spades, concealing the Knave, before he throws West into the lead.

Now West, if he is a counter, places declarer with a 2-5-2-4 pattern. A club lead could be fatal, while one ruff discard cannot help the declarer. He leads a diamond, enabling South to suff in dummy, and discard his third club.

Now for 'Imagination":

N
♠9 3 2
♡4 3
◇K J
♣A 8 6 5 4 3
E W
♡A 10 8 7 6 5 2 ♠A 10 4
♠5 ♡K Q
◇9 6 4 ◇Q 10 7 5 3 2
♣10 9 ♣J 7
S
♠K Q J 8 7 6
♡J 9
◇A 8
♣K Q 2

At love all, West bids one diamond, East says three hearts, South comes in with three spades, West says four hearts, and North's four spades concludes the auction.

West leads the heart King. Placing East with seven hearts, West can see a certain way of beatin gthe contract by a trump promotion. All that is needed is for East to overtake his heart Queen and play a third heart. But will he? He might return a diamond, so West decides to lead a diamond himself. But to make the position quite clear, he leads the Queen. Declarer wins in dummy, and leads a spade to the King and Ace. West returns the heart Queen, and now East cannot fail to get the message. He overtages the Queen with his Ace, and leads back another heart, which ensures that West wil lscore his ten of trumps.

Intelligent signalling, says the author, calls for no artificial gadgets. The key is imagination — the ability to visualise what impact one card rather than another will have on one's partner.

CHESS

LEONARD BARDEN

CHESS at fast-time limits, the equivalent of one-day cricket, continues to gain fresh adherents. Its most popular form is the quickplay tournament, where each side has to make all the moves in half an hour or less on the clock.

The game ends through checkmate, through the fall of one clock flag, or through a rule infringement. In quickplay, if your opponent overlooks a check, you take his king and are declared the winner. A draw occurs either via mutual agreement or because a player wins on time but has insufficient material to force checkmate.

Quickplay experts are generally strong at slower time limits, and one-day tournaments provide good practice crammed into a hectic but enjoyable few hours. One-days are held at least monthly in London and several times a year in Manchester. The British Chess Federation's annual tournament calendar gives full details of coming events with addresses and phones of organisers; free copies are available if you send a large stamped addressed envelope to BCF, 9a Grand Parade, St Leonards on Sea, East Sussex.

The next important quickplay will be run by the Kings Head Club and staged at Porchester Hall, Bayswater, London W2, on Saturday, January 19—anybody can take part, all competitors play the full schedule of six games and there are a large number of prizes including some specially reserved for newcomers to tournament competition. The organiser, Tony Suttill, can be contacted at his officephone 01-582 5550 on weekdays. An entry of over 200 is probable, ranging from leading British masters down to novices and beginners.

A quickplay which has already acquired the status of an established traditional event is the Lloyds Bank Northern Invitation, held every December at Bolton Town Hall. All the top men and women in the North and Midlands, with national grades over 200, are eligible to take part, while promising juniors are specially invited.

The 1984 winner was James Howell, aged 17, currently representing England in the European junior championship at Groningen. At Bolton he scored 5/6, half a point ahead of J. Horner. This week's game well illustrates the extra importance of the initiative in one-day chess: direct, forcing attacks have a good chance of inducing errors under pressure from the clock.

White: V. W. Knox. Black: K. C. Arkell.

Caro-Kann (Lloyds Bank Northern, 1984).

1 P-K4, P-QB3; 2 P-Q4, P-Q4; 3 N-QB3, P-KN3; 4 B-K2, B-N2; 5 N-B3, B-N5.

Simpler is to preserve this bishop's options between KB4 and KN5 by 5 ... PxP; 6 NxP, N-Q2 followed by KN-B3.

6 B-K3, PxP; PxP; 7 NxP, N-KR3; 8 O-O, N-B4; 9 P-B3, NxB.

Black has a comfortable game, but this exchange, opening a file, could wait.

10 PxN, O-O; 11 N(3)-N5!

Provoking a weakness in the king's defences.

11 ... BxB; 12 QxB, P-KR3; 13 N-B3, N-Q2; 14 P-KR4! P-K4?

Black opens up his own king to tactical threats. Still 14... N-B3 should be adequate.

15 P-R5, P-KB4; 16 N-Q6, P-K5; 17 Q-B4 ch, K-R1; 18 PxP! PxN; 19 RxP.

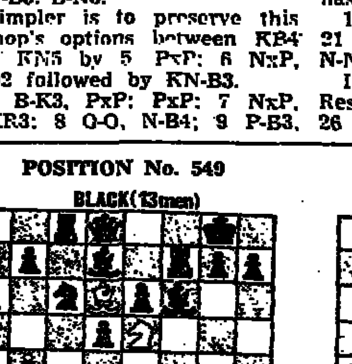
The knight sacrifice quickly becomes an investment; Black has no good defence to N-B7 ch.

19 ... Q-B3; 20 N-B7 ch, RxN; 21 PxR, R-KB1; 22 QR-KB1, N-N3; 23 Q-Q3, Q-K3?

If 23 ... QxP, QxRP; 25 R-N3, Resigns. The winning threat is 26 Q-N6.

POSITION No. 549

BLACK (13 men)

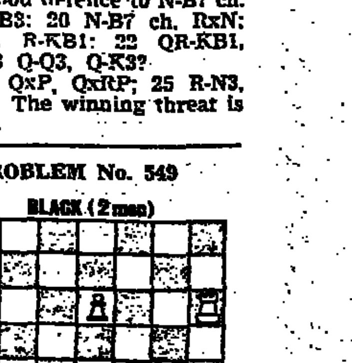


WHITE (13 men)

From Rogers v Garcia, Biel 1984. Black (to move) tried 1 . . . BxN; 2 BxB,Q-N4; 3 P-B4! when White retained his position blockade. The right sequence for Black would have given him a virtually decisive advantage. Black, a grandmaster, missed it and lost; can you do better?

PROBLEM No. 549

BLACK (2 men)



WHITE (11 men)

White mates in three moves, against any defence (by G. Bakcsi, USA 1973). A huge white army confronts a solitary black king and pawn but it takes a solving expert to crack the puzzle—a first prize winner—in less than 20 minutes.

Solutions, Page 19

Shaping up for the year ahead

NEW YEAR is traditionally the time to look back at the year that has gone and forward to the year to come. For anybody with more than a passing interest in the current state of furniture design in Britain this annual reassessment has usually been a gloomy business—so gloomy that it has mostly been better left unassessed. This year, however, for the first time for many a long year, I detect signs of a burgeoning liveliness at grass roots level.

Shops, to be sure, tend to be filled with nostalgic recreations of times gone by, with exciting but difficult-to-use modern designs from abroad or, most usually, with pedestrian middle-of-the-road pieces that aim to please all the people all of the time and end up pleasing nobody any of the time.

But if you take the trouble to go looking among the small galleries, at the work being put out by the new young generation of designer-makers, at the experimental furniture that has recently appeared in a few special exhibitions, there is a glimmer of hope that something new and more exciting is on the horizon.

The scene from the larger domestic manufacturers looks as bleak as ever. They seem unable to harness our own design talent and those who went to the last international furniture exhibition in Milan reported that it was full of the exhilarating work of some of our best young design graduates who were working for sympathetic and adventurous Italian manufacturers.

But look at the recent work being done by Ron Arad whose own small shop, One-Off at 56 Neal Street, London WC2, is one of the most exciting furniture showrooms in town. His two most recent designs (photographed here near right) were an outstanding success at the last Milan furniture show and in spite of the apparently high price tags have been selling well in countries like America and Italy.

Both the pieces are highly innovative. The chair does not immediately reveal itself as a rocking chair—it has more of the classic air of a Le Corbusier model ("the look and the overall aesthetic," says Ron Arad, "were dictated by the materials I used, chrome and tubular steel"). However, the principle on which it rocks is new and unique (the base is based on a parallelogram strained by a telescopic bar at the bottom).

The chair can be flipped over 180 degrees, it can be made higher or lower by extending or contracting the telescopic part of the frame and it can be locked into one of six different reclining positions. Ron Arad is well aware that the world already has chairs, and even rocking chairs, aplenty but justifies creating yet another version with the claim that this chair does things that others don't. As he puts it, "what never changes is the need to change—the world may not need new chairs or new lights but the eyes do and the mind does."

The light Ron Arad designed in conjunction with Peter Keene, whom he describes as an "electronics genius." It too uses a telescopic device so that it can extend from almost nothing to up to a metre in length. It moves through 360 degrees (Ron Arad is very interested in movement and will be having an exhibition called "New Movement in Furniture" later in the year at the Architectural Association) it moves up and down and in and out. It could be either a desk light or could be ceiling mounted. It is operated ultrasonically by remote control.

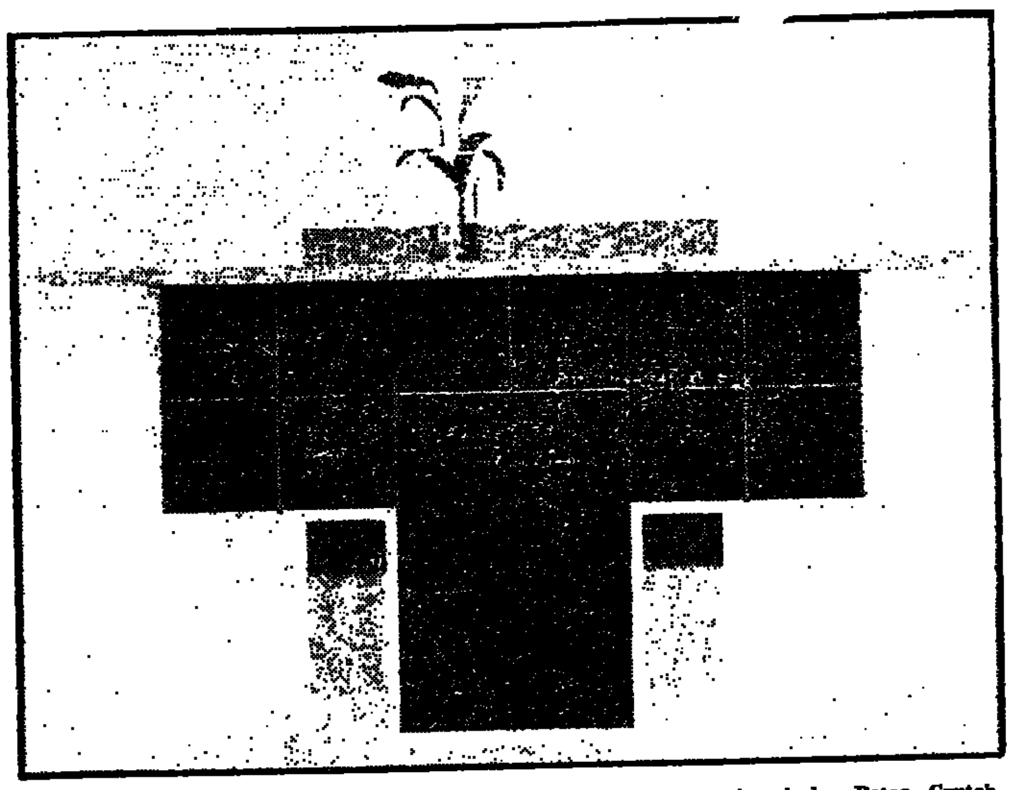
As if these two pieces weren't experimental enough, he and Peter Keene have also worked together to produce what they call a "synthetised staircase"—I'm not entirely sure what the point of it is (each step apparently makes a different noise) but it sounds fun.

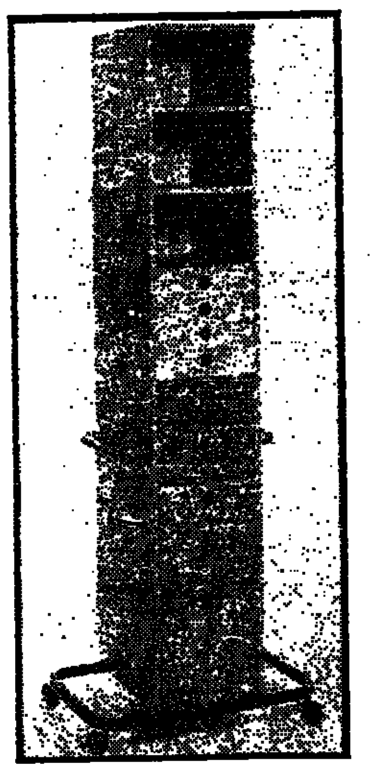
At The Boilerhouse, the Conran Foundation project in the Victoria and Albert Musem, you have just until January 13 to see the way six British designers see the furniture of the near future. All were commissioned to use Formica's ColorCore to create new furniture designs. ColorCore is described as a high specification modern material but its most apparent characteristic to the ordinary customer is that it is a laminate which is coloured all the way through and is obviously especially suitable for the highly decorative effects beloved by some of the new-wave of Post Modern designers.

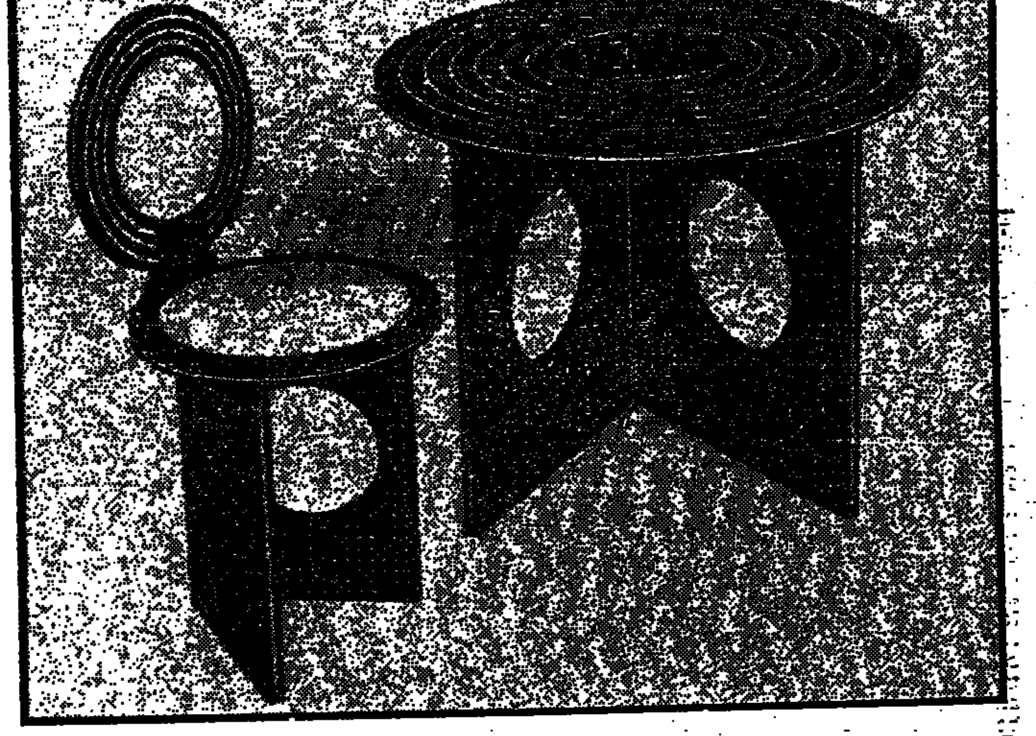
Go along to The Boilerhouse to see them—the pieces on show are not for sale but anybody who falls in love with a particular piece could always contact either Formica (which owns the pieces) or the individual designers. I'm sorry I can't show the works in colour but the photographs here will give you some of the flavour of the exhibition.

You'll also have to hurry if you want to see the tail end of the Design Centre's display of winning furniture in a competition sponsored by Gordon Russell in association with The Design Council and The Architectural Review Magazine (it ends on Wednesday). The brief was to produce furniture for the executive and Gerard Taylor's desk, in particular, using three different textiles for the surface, is an exciting departure from the usual run of "executive designs."

Maddeningly, you'll have to pay another visit to The Design Centre if you want to catch Brenda Saunders' innovative designs for "Soft Centres in Wool." The result of a joint project between the International Wool Secretariat and The Design Council, all the upholstery in the exhibition has broken completely away from traditional shapes, styles and fabrics. To see the whole collection, you'll have to visit The Design Centre between January 15 and February 23 where it will be part of the annual Design Review.



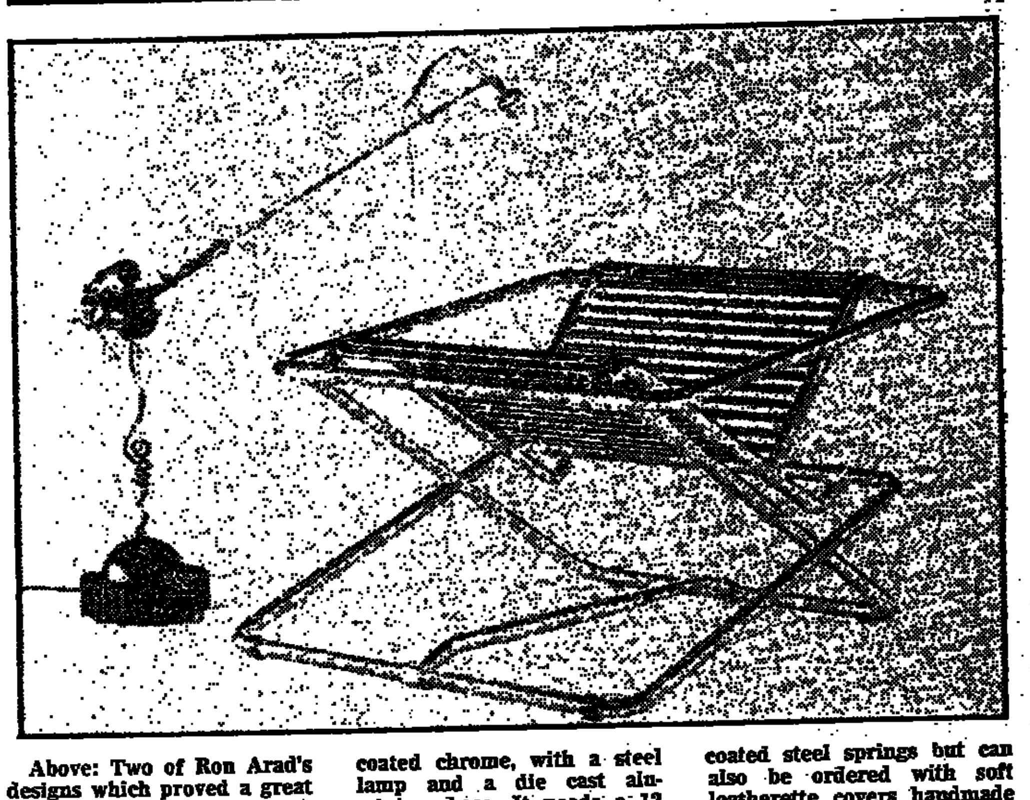




Above are three pieces from the current Post Modern Colour exhibition at The Boilerhouse, Victoria and Albert Museum, London SW7. Though most of the furniture on show, including the three pieces photographed here, are by British designers, there is also a selection of some award-winning pieces from American and French collections to give an interesting international view of Post Modern furniture. Left is a sideboard designed by David Vickery, an associate with Conran Associates—a stunningly elegant piece, it seems almost Japanese in its restrained symmetry.

Much jokier and less classical is the storage tower designed by Peter Crutch, a director of Fitch & Co. He had in mind the bathroom as the most suitable place for this piece and he used ash for detailing as well as Formica's ColorCore—in the tower there are tray, shelves and a variety of accessories.

Finally, on the right is Eva Jiricna's folding chair and table—another highly original and striking design. Eva Jiricna works with Norman Foster and has designed stylish interiors for Joseph and the Caprice Restaurant. She was much associated with High Tech movement but for this table and chair has used ColorCore bonded to strong Masterboard.

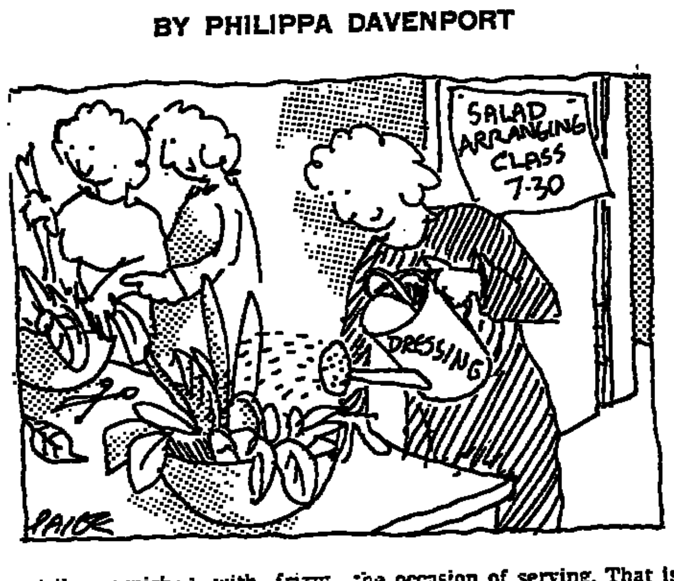


Above: Two of Ron Arad's designs which proved a great success at the last furniture fair in Milan and which are currently selling very well in America and in Italy. The Aerial light was designed in conjunction with Peter Keene, is made from textured epoxy coated chrome, with a steel lamp and a die cast aluminium base. It needs a 12 volt 50 watt Halogen lamp. Price, £340.

The chrome rocking chair in tubular steel has pvc coated steel springs but can also be ordered with soft leatherette covers handmade by Maureen Percival, a recent Kingston graduate. Price, £287.50. Both from One-Off, 56 Neal Street, London WC2.

Turning over a new leaf

BY PHILIPPA DAVENPORT



ONCE UPON a time salads in Britain were associated almost exclusively with summer. Those were the days when soft cabbage lettuce reigned supreme, tomatoes, hard-boiled eggs and cucumber were regulation garnish, and you had to go to Soho to buy wine vinegar. Salads in winter meant crude tasting coleslaw: peppery harsh white cabbage, celery and a handful of raisins.

Salads today are infinitely more imaginative, their status has risen accordingly and they are as popular in winter as in summer. Nearly every restaurant of note now includes at least one *salade tiède* or *salade composé* on its menu, and there is every reason to follow suit at home. Such salads are fun and simple to prepare. They cut a little dash when served as elegant appetisers and they make admirable light lunch or supper dishes.

It is in the latter role that I find them most appealing just now. Preceded by a delicate and soothing soup such as avgolemono, they are just the thing to stimulate and satisfy appetities jaded by over-indulgence at Christmas.

One of the most striking features of today's salads is the wonderful variety of leafy greenery which forms their basis. Textures and flavours are exciting—crisp, succulent, melt-in-the-mouth, fresh, astringent, spicy and sweet.

In addition to watercress, Chinese leaves and the familiar heads of blanched chicory, now red chicory or radicchio with its beautiful claret-streaked leaves, Florentine fennel and mop-headed frizzy endive are widely available.

The broader leafed endive usually called batavia or escarole, and velvety lamb's lettuce (also known as corn salad or mâche) are less likely to be found in supermarkets. Look out for them in specialist greengrocers where you may also find land cress (an earth rooted alternative to watercress) and oak leaf lettuce (a tawny version of a loose-headed cut-and-come-again lettuce like salad bowl).

Spinach is another excellent salad ingredient but for my money the varieties on sale at this time of year are too coarse. Better to wait until the tender leafed varieties are available when the weather warms up. Then too crisp Cos and Webbs Wonder will be in season and fresh herbs, young dandelion leaves, purslane, sorrel, salad burnet and rocket will add piquancy to salads.

I confess I have never seen the last three plants on offer in greengrocers here (dandelions are of course all too easy to find in just about any patch of grass, and purslane can be bought from some Greek shops). One day I hope they will appear in our shops and street markets as they do all over the continent. Meanwhile they remain the lucky prerogative of gardeners. (Sorrel, purslane, salad burnet and rocket are all included in Sutton's seed list. Thompson and Morgan sell something called saladasi, a delicious mixture of salad plants not unlike what the French call mesclun and a good means of sampling a variety of fresh tastes.)

The phrase *salade tiède* stems from the fact that hot ingredients are combined with cool leafy greenery just before serving. These additions can be as deliciously varied as the greenery—things like sautéed chicken livers, snippets of deep-fried duck or chicken skin, crisp lardons of grilled bacon, marble-size meatballs of veal with lemon and fresh herbs fried in butter, tiny croûtons of garlic or anchovy flavoured fried bread, quail's eggs, hen's eggs and all sorts of cheeses.

Runaway restaurant successes are salads which include sautéed wild mushrooms or magret of duck. There's no reason why restaurants should have a monopoly on these—the only trouble is laying your hands on the necessary ingredients. I've drawn a blank on the mushroom front but ready-boned breast of Barbary duck is to be found in a few tip-top branches of both Marks and Spencer and Sainsbury.

To make magret of duck salad, skin the duck breast and grill or fry the meat over moderate heat until tender but still slightly pink within. Slice it thinly and fan it out on plates prettily garnished with frizzy endive, watercress and slices of orange which have been dressed with olive oil, brandy and a squeeze of lemon.

This brings me to the subject of salad dressings. Just as salads have changed so have salad dresings undergone a mini revolution. Heinz salad cream and malt vinegar have met their Waterloo. Even poor tasteless blends of oil are being pushed to the back of supermarket shelves. Good quality is coming to the fore: fruity green olive oil (Safeways even sells own label extra virgin olive oil from Lucca at an extraordinarily modest price), walnut oil, hazelnut oil and a whole host of fragrant vinegars.

The raspberry vinegar beloved of nouvelle cuisine is now so widely available that some foodies may regard it as passé. The very latest thing is blackcurrant vinegar.

Made by Martin Pouret of Orléans, undisputed king of vinegar makers, this dark and intensely aromatic vinegar has only just reached our shores. It is not yet in the shops but early birds will want to keep their eyes skinned for it.

Written recipes for *salades tièdes* are few and far between. Such dishes are essentially inspired by what is available, by the cook's personal taste and by the occasion of serving. That is how it should be and I offer the following suggestions merely to whet the imagination for your own creations. Treat these ideas purely as guidelines: substitute ingredients as you will, vary quantities and alter the proportion of greenery to other ingredients depending on what other dishes are to be served at the same meal. There is only one golden rule: every ingredient must be spankingly fresh — the deceptive simplicity of a well-balanced salad depends on it.

CHICKEN LIVER SALAD WITH GRAPES

The quantities given in this recipe and those that follow are, I find, just right for serving six people as a first course, or three people as a light lunch or supper dish with good crusty bread on the side.

Mix together in a salad bowl about 2 oz each of frizzy endive, lamb's lettuce, watercress, radicchio and chicory — tearing all the large leaves into bite-size pieces. Add 2 oz grated raw Jerusalem artichoke and 3 oz of halved and seeded white grapes. Trim ½ lb chicken livers, pat dry and cut into bite-size pieces.

Shortly before serving sprinkle the salad with a little salt and pepper, add 2 generous spoonfuls of good olive oil and toss lightly. Then sauté the chicken livers in a little hot oil until crusted and brown on the outside but still tender and pink within. Add the livers to the salad.

Discard any oil remaining in the frying pan and immediately add a generous tablespoon of dry sherry and a teaspoon or two of sherry vinegar. Bring to the boil, stirring, to deglaze the pan and pour over the salad. Toss to mix everything well and serve straight away.

SALAD OF ROQUEFORT WITH WALNUTS & PEARS

This is a good dish for a party. Only the grilling needs to be done at the last minute — unlike frying, it is neither a messy nor a smelly task. Any blue cheese can be used but the distinctive salty ewe's milk taste of Roquefort is particularly good.

Put into a soup plate 1½ oz each softened unsalted butter and roughly chopped walnuts. Add ¼ lb Roquefort broken into pieces. Sprinkle on a generous tablespoon or so of brandy, then mash and mix the ingredients together with a fork.

Cut 2 oz celeriac (peeled weight) into matchsticks and marinate them for at least half an hour—or for several hours if more convenient—in a dressing made using 1 tablespoon each walnut oil and sunflower oil and one teaspoon lemon juice.

Mix together in a salad bowl equal quantities of chicory and radicchio and a little frizzy endive (about 10 oz in total)—breaking all the leaves into bite-size pieces. Scatter the salad with 1 oz of walnut halves.

Peel, core and halve three perfectly ripe pears. Brush them with lemon juice to prevent discolouration and arrange on plates.

When ready to serve, heat the grill until very hot. While it is hotting up, add the celeriac and its dressing to the salad bowl. Toss to mix everything well and to film the leafy vegetables with the dressing. Arrange the salad on the prepared plates.

Grill six large slices of French bread until well toasted on both sides. Spread the toasts thickly with the Roquefort mixture and flash them under the grill for just long enough to warm the cheese. Garnish each toast with a walnut half, arrange the toasts on the plates and serve straight away.

CHICKEN AND EGG SALADE TIEDE

I often buy ready boned portions of fresh chicken breast to cook in delicate creamy sauces. I nearly always skin chicken breasts before cooking—and I used to throw the skins away. Now I save the skins, wrap them and freeze them. When several have accumulated it's time to make this utterly delicious and very pretty salad. Duck skin is, if anything, even better than chicken skin.

Mix together in a salad bowl 5 oz or so of batavian endive broken into bite-size pieces, about 3 oz raw Florentine fennel cut into wafery thin slices, and 2 oz small, thinly sliced raw mushrooms.

Add dressing made with two tablespoons olive oil and one teaspoon tarragon vinegar. Toss gently and set aside for about half an hour.

Meanwhile hard-boil six quail's eggs or 1 hen's egg, cool and shell. Cut the quail's eggs in half or chop the hen's egg. Mix the egg(s) with a handful of coarse chopped parsley and reserve.

When ready to serve, dice a large thick slice of white bread. Deep fry the croûtons until golden brown, drain well and keep hot. Cut the skin from 6 portions of chicken breast into snippets and deep fry until golden and deliciously crisp. Drain well and sprinkle with salt.

Quickly add the croûtons and skin to the salad and toss to mix everything well. Garnish with the egg and parsley mixture and serve immediately.

CRIMSON SALAD WITH STILTON PUFFS

Another good recipe for entertaining since the puff pastry Stilton sandwiches simply need to be heated through in the oven just before serving. Colourful and elegant, this is a fine dish for using up end pieces of a Christmas Stilton.

Roll out 6 oz puff pastry until ⅛ inch thick and cut into 6 x 3½ inch rounds. Glaze with beaten egg and bake on a damp baking sheet at 425F (220C) gas mark seven for 15 minutes or so until puffed up, golden and crisp. Cool on a wire rack, split horizontally in half and store in an airtight tin.

Mix together in a salad bowl a good quantity of radicchio and some tawny oak leaf lettuce, tearing the leaves into bite-size pieces, and add a little lamb's lettuce. I use a total of about 10 oz of leaves.

Cut some freshly boiled and peeled beetroot (not shop-cooked beetroot reeking of malt vinegar) into slices, allowing two or three slices per person.

Dip the slices into a vinaigrette dressing made using hazelnut oil and raspberry or red wine vinegar. Shake off excess dressing, arrange the beetroot on plates and mop up any juices that run. Reserve the rest of the dressing.

Cut six oz Stilton into slivers. Use as much of the cheese as possible to fill the puff pastry sandwiches. Add leftover scraps of cheese to the salad bowl.

Shortly before serving heat the oven to 400F (200C) gas mark six. Slide the Stilton puffs onto a baking sheet and put them into the oven for seven to eight minutes to reheat the pastry and just melt the cheese.

While the puffs are heating through, add the reserved dressing to the salad, toss and pile onto the prepared plates. Arrange the hot Stilton puffs in the centre of the salads and serve straight away.

Kensington High Street, W8.   Spanish   Government   have   ITR.

ARTS

Nigel Andrews in Hollywood and New York

Real life in the dream factory

Orson Welles, while making *Citizen Kane*, called the machinery of movie-making, "The greatest train set a boy ever had." The remark could be a motto for Hollywood in the 1980s, when almost the entire industry seems given to big-screen fun and games, and every major movie lot you wander into seems to host a Sci-Fi extravaganza *or* a sword-and-sorcery film *or* a fairy tale writ new and extra-spectacular for today's kiddywinks.

"Spielberg and Lucas, what have you wrought?," one first feels like crying. But while delirium lasts, one might as well sit back and enjoy. And my first visit to Hollywood in five years found a delight in fantasy among film-makers that was both paramount and universal.

The Spielberg speciality, of course, is to mix Sci-Fi fantasy with small-town nostalgia, and his production company is now beavering away at Universal Studios on *Back To The Future*. (Now there's a schizophrenic title.) Beyond the chic-ly sprawling, adobe-style "Spielberg Building"—the studio's gift to the wonder-boy of *ET*—stands the mass of back-lot streets on which director Robert Zemeckis (of *Romancing The Stone*) and designer Lawrence G. Paull (*Blade Runner*) have built the town square that in this time-travel tale will switch about between 1955 and 1985.

The square was in 1955 mode when I saw it: with Barbara Stanwyck and Ronald Reagan marquee-billed in *Cattle Queen of Montana* at the local cinema (which became a porno-house in 1985, Paull told me ruefully), a 50s-style eatery on the corner ("Lou's Diner," a haven of chrome and ketchup bottles) and even rows of 50s-style shell-head parking meters on the pavement.

If this $14m time-warp fantasy looks like being at the nostalgia end of the Sci-Fi spectrum, the latest Joe Dante project is a heady chunk of galactic futurism. Dante is following his smash-hit *Gremlins* with *The Explorers*, and he has taken over Paramount Studios to do so. The true star of space movies is, of course, the production designer and on this film it's Hollywood veteran Robert Boyle (of *Shadow of a Doubt* and *The Birds*). Boyle showed me round the art department, where his assistants were lovingly painting miniature spaceships, modules, starscapes, and those whirls of psychedelic gases—colourful as a Neapolitan ice—which girdle all self-respecting planets in today's space films.

Is fantasy overtaking reality in modern Hollywood, I asked Boyle? "If it were overtaking it completely, it would be a shame," he says, a slimline Hemingway in check shirt and bristling white beard. "But I think there's plenty of room for both. Of course it's movies like *Explorers*—and *Star Wars*, *ET*, *Close Encounters*—that are bringing kids back into the cinema. Because these films give them size and spectacle and fireworks. But I'd like to see the cinema get back to what it does best, which is *mixing* reality and fantasy. I made four films with Alfred Hitchcock, and no one could touch him for that: finding the spectacular in the everyday, that's what movies should be aiming for."

But however much I burned up Los Angeles in my hired Renault, I didn't find much sign of the everyday creeping into Hollywood. Indeed the place isn't even *made* for the everyday. Even my hotel on Sunset Strip, the legendary Chateau Marmont (home-from-home of the stars), looks as if it has escaped from a Disney film and is still brushing the dust of fantasy from its feet. And when I first drew back the curtains in my room to inspect the view of LA, there wasn't one. My entire field of vision was dominated by two giant billboards, each the size of a container lorry: one studded with lights and advertising John Carpenter's new SF fantasy *Starman*, the other looming across the road to tout Peter Hyams's *2001* sequel, *2010*.

You cannot, of course, walk the streets without stumbling into the famous. Isn't that Sidney Poitier coming into the vegetarian restaurant I'm eating at, as I'm about to chomp a nut hamburger? (It is.) Isn't that Richard Dreyfuss crossing Hollywood Boulevard with a script six inches from his nose and paying no attention to the traffic?

Meanwhile the studios are alive, as indicated, with the non-stop sound of fantasy. The most ongoing "state of the art" project is probably producer Shelley Duvall's video and TV series *Faerie Tale Theatre* (I reviewed some early samples recently). These are being filmed at East Hollywood's ABC Studios and are harnessing the latest technology, the starriest actors from Liza Minnelli to Mick Jagger to Christopher Reeve) and the sturdiest fairy tales in a prolific production bonanza that has already turned out 30-odd of the hour-long tales.

Of course the biggest fairy tale of all in modern Moviedom is one that probably won't ever get made by Miss Duvall. And that is the Oscar-fuelled success of Britain in the 1980s. Were *Chariots of Fire* and *Gandhi* flashes in the pan? Not to judge by the mind-boggling queue, circling two sides of a block, I saw one night outside a Westwood cinema showing *The Killing Fields*

And on a whirlwind visit to New York, what two movie VIPs should I stumble upon, lording it in a foreign land, but two Britishers, Michael Powell and Sir Richard Attenborough? Powell, fresh from a spell as member of Francis Coppola's think tank at Zoetrope Studios, is now writing his three-volume autobiography: which since he was the director of *The Thief of Baghdad*, *A Matter of Life and Death*, *Black Narcissus*, *The Red Shoes*, *Peeping Tom* and many other milestone British movies, is probably the hottest memoir in British film history.

Allison Reed with Sir Richard Attenborough rehearsing for the film Chorus Line

Powell, a hale and healthy 79, has just married American film editor Thelma Schoonmaker (of *Raging Bull*), lives in a Chelsea-style cottage in Greenwich Village and is still urging everyone he ever meets to go out and make a film. "*Everyone* has a film in them." he told me. "You, Nigel, *you* have a film in you. Go out and make it!"

Unfortunately, with only half a day left in New York, I didn't have time to make a film. But I did have time to visit Sir Richard Attenborough, who is now busy at Broadway's Mark Hellinger Theatre (closed to the public during shooting) directing *A Chorus Line*. Sir Richard came up the aisle to greet me with a friendly handshake and an appraising smile. "This is a bold move," he said, doubtless remembering that we hadn't quite seen eye to eye over the virtues of his film *Gandhi*.

"People who go to see *Chorus Line* at the theatre have been three, four, *five* times," he says, when I wonder politely how many people will want to see the movie version after the stage musical has now been in business for ten years. "For some people it's a way of life! Because of course the fascinating thing is, it's not a normal musical—in the sense of a story set to music. It's not set in car factory where people suddenly, and somewhat implausibly, break into song. It's *about* people who want to make music, it's *about* the musical theatre itself. So it has to have a basis of truth in the way it's done, and that's what I've tried to keep pumping into the kids. The *truth* of the performance is 1,000 times more important than the vocal tone!"

Hands gesturing, smile flashing and mutton-chops whirring, Sir Richard is such a dab proselytiser that one sometimes wonders if *he* shouldn't have played Gandhi. (No disrespect to the admirable Ben). And on the subject of that Oscar-lauded opus, what did it feel like now to be making a movie in a single theatre after one that traversed a whole sub-continent? Were there any signs of claustrophobia?

"No, not at all. I like doing movies on a large scale, but what matters to me is setting the individual *within* that large scale. I'm interested in what emotions do to people—how they react under stress. So whether one's dealing with the British Raj in India or with Churchill (in *Young Winston*) or General Browning (*Oh What A Lovely War!*), it's the same really as dealing with a group of 17 'hopefuls' at a Broadway audition as we have here. And it's just as challenging to film these individuals under pressure as to film a crowd of half a million from 19 different camera positions!"

Soon Sir Richard was back on stage determining with photographer Ronnie Taylor (of *Gandhi*) and choreographer Jeffrey Hornaday (of *Flashdance*) the two or three cameras with which they would cover Vikki Fredericks, Michelle Johnston and Pam Klinger for the three-voice "Ballet" number. As in Hollywood, so in New York, it seems. In movies the imagination has mountains; and given the right mix of talent and energy, a studio stage, a back-lot or even a vacated Broadway theatre can serve just as well to incubate drama, colour and dynamism as the old sweeping location hikes of yesteryear.

Verbal ping-pong

RADIO

B. A. YOUNG

If you relied on the radio to sound in the New Year, you went to Radio 1 (Adrian Juste's party) or Radio 2 (Ray Moore's "very special words and music") or to your local ILR station. Radio 4 celebrated it with a quarter of an hour's talk by the Bishop of Winchester, a sympathetic cleric enough, and Radio 3 with the Berlin Philharmonic Orchestra in Viennese pop, the New Year having become in some odd way associated with Johann Strauss.

This is a special winter for the ghost of Kenneth Grahame as he haunts the celestial riverbanks—*Toad of Toad Hall* celebrating its 25th year in the West End, and now joined by a real *Wind in the Willows*, while Radio 4 offers David Gooderson's *Killing of Mr Toad*, a sad little play that I saw a couple of years ago at Salisbury. The Grahame's clever son Alastair ("Mouse" at home) failed his exams at Oxford, was found dead on the railway line, but was elevated to immortality as Toad. The story passes in the mind of Mrs Grahame (Barbara Jefford). Edward Hardwicke was Kenneth Grahame and Stephen Garlick, Alastair. Richard Wortley directed.

Radio 3 devoted two hours and a quarter to Tennessee Williams's *Vieux Carré* on Wednesday, and indeed it's hard to see how it could have been done in less. Rather than cram his memories into a plot, Williams flips us through a photograph-album of his early days in a bug-ridden rooming-house in New Orleans. A dodgy place it was for a sensitive young man, full of perverts of various kinds, most of them drunk on and off, but all of them with enough, either of history or of personality, to rate their place in that bizarre gallery.

An engrossing production under Martin Jenkins brought the set-up to three-dimensional life, using a minimum of scenic effect, no more than a single line of jazz overheard behind the dialogue. Among a bundle of smashing performances I specially liked Margaret Robertson's as Mrs Wire, the greedy, selfish, excitable landlady, whose occasional screams and shouts stretched the spectrum of her personality to the opposite end from her janitorial severity. Mark Rolston played the autobiographical Writer, happy to be seduced by a male fellow-lodger, to avoid lying in court for Mrs Wire's benefit, to escape to the West Coast with an itinerant clarinet-player. There was notable playing in smaller parts by Sheila Gish, Carole Boyd, James Maxwell and others.

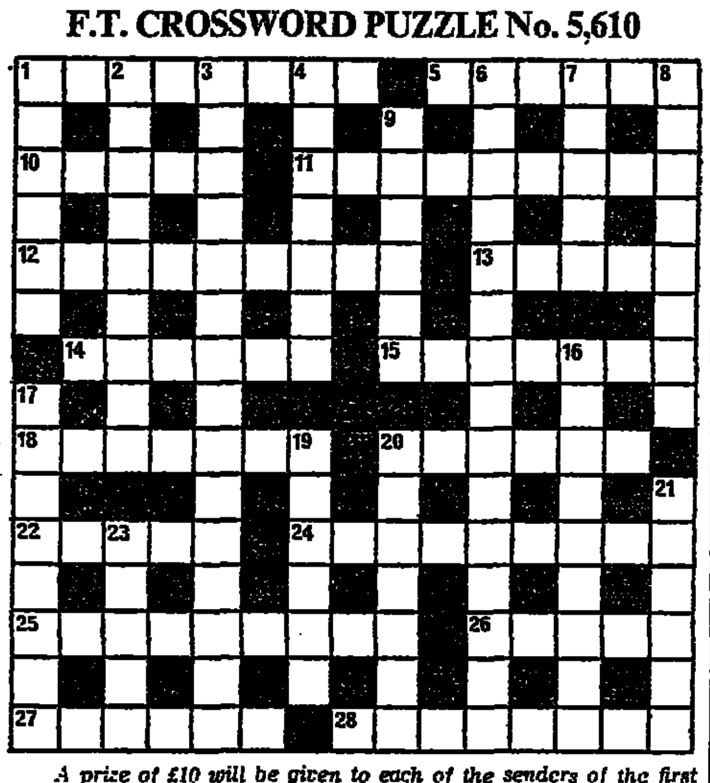
There's a larger-than-life way of speaking Williams's dialogue that was beautifully observed. The play ends on a line the equal of the famous end of *Streetcar*. The Writer stands at the street-door as he makes his midnight flit. "To open it is a desperate undertaking," he says.

We also had Tennessee Williams on Radio 3 earlier in the week, with his fairly characteristic story *One Arm*, about a terribly handsome boxer who loses an arm in a motor accident. Nicely read by Tom Hunsinger.

Still on Radio 3, on New Year's Day, was *Jimmy Durante's Nose*, an interview with the American theatre caricaturist Al Hirschfeld. Hirschfeld's ability to catch an entire likeness is so unerring that he once drew an instantly recognisable picture of Jimmy Durante without showing his most prominent feature. He is to my mind the best living caricaturist. English caricaturists died out with Low and the less celebrated Robert Sheriffs, who did the film drawings for Punch. Nowadays all we have are gag-men who can achieve recognisable likenesses by the incorporation of well-known characteristics (like Jimmy Durante's nose, which Hirschfeld scorned). Hirschfeld's drawings are not only like, they also contain the necessary dash of spice. Moreover they are intrinsic works of art (his influences have been Hokusai and Utamaro), rather than periodical ephemera. If I were offered three wishes, I would ask for a Hirschfeld of Lauren Bacall, and as he hasn't done one, there's my second wish gone too. Mel Calman, who interviewed him, does virtually the same drawing 365 days a year, reflecting his stimuli in the captions. Naturally the questions he put were as bland as his pictures, and quite rightly.

When Mel Brooks lunched at the Punch Table last year, he said to me as we went in, "I don't think this is the place for verbal ping-pong." He certainly thought the *Kaleidoscope* studio was. His interview with Michael Billington was repeated on Sunday in lieu of the Food Programme. He peppered him ceaselessly with jokes, often abusive rather than funny, but always good-natured. He also retailed a good joke Hitchcock gave him for *Silent Movie*.

F.T. CROSSWORD PUZZLE No. 5,610



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

....

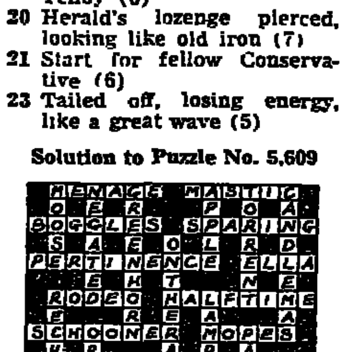
ACROSS

1 Sound lie, perhaps, giving false impression (8)
5 Subject ofa very loud tune (6)
10 Postal order from Doctor Stern (5)
11 Brazen girl knocked about (9)
12 Singing style in a NE Baltic resort (9)
13 Small anchor gives slight advantage at end of Dubrovnik — (5)
14 — not moored these days at Split (6)
15 Ovation not quite complete for a few (7)
18 Fixed charge weapon? (7)
20 Class which included the owl, according to old paper (6)
22 Go one better than a picnic, say? (5)
24 Seat for the lazy professor (4-5)
25 Such a day is memorable for revolutionary landlord (3-6)
26 Topping stuff for severe cold symptom (5)
27 Holds up shelves? (6)
28 Fan here and there breaks down (8)

DOWN

1 About Dec., due to conclude (6)
2 How dear Nelly turns out academically? (9)
3 Fun at the office? Idea for a TV show! (9,6)
4 One is a sight better for his attentions (7)
6 Contrivance of a Post-Impressionist? (8-7)
7 Author of "The Water Gipsies" I would shorten, to be fly (5)
8 Char shows inflamed abdomen (3-5)
9 Welshman chewing the rag (6)
16 V-v-V (4-1-4)
17 Shrunk from hard robe treatment (8)
19 Number left in outskirts of Tenby (6)
20 Herald's lozenge pierced, looking like old iron (7)
21 Start for fellow Conservative (6)
23 Tailed off, losing energy, like a great wave (5)

Solution to Puzzle No. 5,609

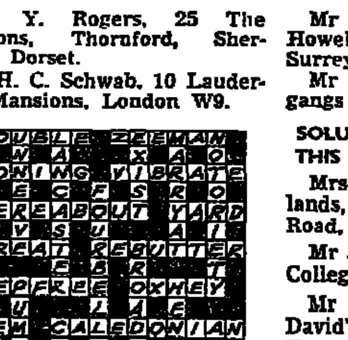


SOLUTION AND WINNERS OF PUZZLE NO. 5,605

Mrs K. Smith, 89 Southover, London N12.

Mrs Y. Rogers, 25 The Waldrons, Thornford, Sherborne, Dorset.

Mr H. C. Schwab, 10 Lauderdale Mansions, London W9.



Mr W. F. Snell, Llandaff, Howell Hill Grove, Ewell, Surrey.

Mr A. J. Hamilton, 71 Oxgangs Road, Edinburgh.

SOLUTION AND WINNERS OF THIS CHRISTMAS CROSSWORD

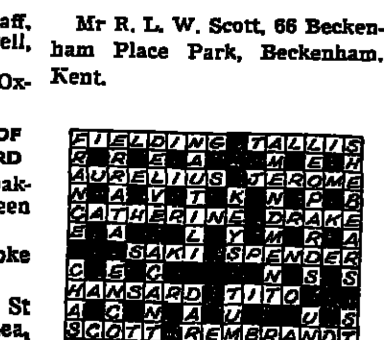
Mrs B. Anderson, The Oaklands, 15 Kiddermore Green Road, Brewood, Stafford.

Mr J. H. C. Leach, Pembroke College, Oxford.

Mr K. B. Hubbard, 24 St David's Drive, Leigh-on-Sea, Essex.

Mr Alan Stripp, The Old Green, Green Lane, Linton, Cambridge.

Mr R. L. W. Scott, 66 Beckenham Place Park, Beckenham, Kent.



BBC 1

† Indicates programme in black and white

8.30 am The Perishers. 8.25 The Littlest Hobo. 9.00 Saturday Superstore. 12.12 pm Weather.
12.15 Grandstand including 12.50 News Summary; Football Focus with Bob Wilson; Ski Jumping: The Four Hills Championship, from Austria; Racing from Haydock Park at 1.15, 1.45 and 2.15; Tennis: The World Young Masters, from Birmingham; Rugby League: The John Player Special Trophy; Final Score, Classified results at 4.40.
5.05 News.
5.15 Regional variations.
5.20 Doctor Who.
6.05 Jim'll Fix It.
6.40 The Little and Large Show.
7.15 One by One.
8.05 Dynasty.
8.55 News and Sport.
9.10 The Saturday Action Movie: "Firepower"
10.50 Tennis. Highlights of today's second semi-final in the World Young Masters, from Birmingham.
11.40 "The Brotherhood of the Bell" starring Glenn Ford (TV film).

REGIONAL VARIATIONS:
Wales—5.15-5.20 pm Sports News Wales.

Scotland—12.15-5.5pm Grandstand, including Indoor Hockey: The Glenfiddich Invitation Tournament; 5.15-5.20 Scoreboard with Dougie Donnelly; 10.50-11.15 Sportscene; 11.15 Join BBC-1 International Tennis.

Northern Ireland—4.55-5.05 pm Northern Ireland Results (opt-out from Grandstand); 5.15-5.20 Northern Ireland News; 1.15-1.20 am Northern Ireland News Headlines.

England—5.15-5.20 pm London—Sport; South West (Plymouth)—Spotlight Sport and News; All other English regions—Sport and Regional News.

BBC 2

10.10-11.50 am Open University.
1.30 pm How to Score . . . A Movie with John Williams. Trevor Howard introduces this portrait of film makers and musicians at work.
†2.00 Saturday Cinema Double Bill: "Tender Comrade" 3.35 "The Disorderly Orderly" starring Jerry Lewis.
5.05 World Darts. The Embassy World Professional Championship — coverage of four first-round matches from Jollees, Stoke-on-Trent.
6.00 The Royal Institution's Christmas Lectures—"The Messages of the Genes." (5) Normal Cells and Cancer Cells.
7.00 Shakespeare in Perspective. "Love's Labour's Lost" — Novelist Emma Tennant gives her personal view of this Shakespearean comedy, which can be seen this evening at 8.55 pm.
7.25 News and Sport.
7.40 Rugby Special: England v Romania—coverage of this match played earlier today; plus the rest of the day's rugby news.
8.30 World Darts: Embassy World Professional Championship.
8.55 The Saturday Alternative: "Love's Labour's Lost" by William Shakespeare.
10.55 Dave Brubeck, live at the Vineyards
11.55-12.45 am World Darts.

LONDON

6 15 am Good Morning Britain. 9.25 LWT Information. 9.30 Cartoon Time. 9.35 Scooby, Scrappy and Yarba Doo. 10.00 The Saturday Starship. 11.20 Space 1999.
12.15 pm World of Sport; 12.20 Wrestling; 12.45 News; 12.50 On The Ball; 1.20 Racing from Sandown; 1.40 Figure Skating from Madison Square Garden, New York; 1.55 Racing from Sandown; 2.10 Figure Skating from Madison Square Garden, New York; 2.25 Racing from Sandown; 2.40 Snooker; 3.45 Half-time Soccer Round-up; 4.00 Snooker; 4.45 Results.
5.00 News.
5.05 Blockbusters.
5.35 The Disaster Movie: "Flight To Holocaust" starring Patrick Wayne, Christopher Mitchum, Rory Calhoun and Lloyd Nolan.
7.15 All Star Secrets presented by Michael Parkinson.
7.45 Tarby and New Year Friends.
8.40 The Price is Right.
9.40 News.
9.55 Movie Premiere: "The Four Seasons" starring Alan Alda and Carol Burnett.
11.50 London News Headlines followed by Snooker—The Mercantile Credit Classic from The Spectrum, Arena, Warrington.
12.15 am Bellamy.
1.00 New From London (Steve Harley).
1.55 Night Thoughts with Paul Boateng.

CHANNEL 4

1.00 pm Everybody Here.
1.30 "The Little Princess" starring Shirley Temple, with Anita Louise, Richard Greene and Ian Hunter.
†3.15 "Tell Me If It Hurts."
3.40 John Wycliffe—The Morning Star.
5.05 Brookside.
6.00 Danger Man.
6.30 Tennis: The WCT 1985 World Doubles Championship.
7.25 News Summary followed by Seven Days.
7.55 The Optimist.
8.25 Domestic Bliss.
9.30 Europe A Go-Go: Channel 4's The Tube, in conjunction with 13 European countries.

SC4 WALES
2.25 pm Culture Club in Japan. 2.55 Before the Nickelodeon. 3.55 The Wine Programme. †4.25 Feature Film: "The Magic Box." 6.30 Tennis: WCT 1985 World Doubles Championship. 7.30 Newyddion. 7.45 Sîon a Sîan. 8.15 Noson Lawen. 9.15 Y Maes Chwarae. 10.05 Europe A Go-go.

REGIONS

IBA Regions as London except at the following times:

ANGLIA
12.15 am At the end of the Day.
BORDER
11.20 am Chips.
CHANNEL
9.57 am Puffin's Pla(i)ce. 11.20 Tarzan. 12.14 pm Channel Island Weather Summary. 5.05 Puffin's Pla(i)ce. 5.10 The Smurfs.
GRAMPIAN
11.20 am The Fall Guy. 12.15 am Reflections with Howard Marshall, of the University of Aberdeen.
GRANADA
11.20 am The Fall Guy. 12.15 am Hawaii Five-O. 1.05 Rock of the Seventies (Pentagle). 1.45 Closedown.
HTV
11.20 am The Little House on the Prairie. 12.13 pm HTV News.
HTV Wales—As HTV West except: 12.15-1.00 am Club Rgby—Bob Symonds commentates on one of the day's club matches in Wales.
SCOTTISH
11.20 am Battlestar Galactica '80. 12.15 am Late Call.
TSW
9.57 am Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 The Smurfs. 12.15 am Postscript. 12.20 South West Weather and Shipping Forecast.
TVS
11.20 am The Green Hornet. 11.45 Birdman and Galaxy Trio. 12.12 pm TVS Weather. 12.15 am Company.
TYNE TEES
9.25 am Morning Glory. 11.20 The Grumbleweeds Radio Show. 11.50 Batman. 12.13 pm North East News. 5.05 North East News. 5.07 Blockbusters. 12.15 am Poet's Corner: Marlene Sidaway reads "No Bell-Ringing," by Thomas Hardy.
ULSTER
11.20 am Wild, Wild World of Animals. 11.45 The Jacksons. 5.03 pm Ulster News. 9.52 Ulster News. 12.15 News at Bedtime.
YORKSHIRE
9.25 am Regional Weather Forecast followed by Cartoon Time. 11.20 Battlestar Galactica. 12.15 am Teachers Only.

BBC RADIO 3
7.05 am Aubade (S). 8.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 BBC Philharmonic Orchestra in Italy. Recorded concert: Britten, Elgar (S). (12.05 pm Interval Reading.) 12.10 Sibelius. 1.00 News. 1.05 Schubert and Beethoven piano sonatas (S). 2.00 Verdi's Operas: "Les Vepres Siciliennes" Mario Rossi conducts the BBC Singers and BBC Concert Orchestra in this performance sung in French (S). 4.25-4.30 Julian Budden talks about the opera. 5.45 Critics' Forum. 6.35 Double Reed Virtuosity (S). 7.15 Pursued By Furies. An impression of Malcolm Lowry by Ed Thomason, with Ronald Pickup as the writer. 8.15 Norway After Grieg. In the first of 13 programmes the Royal Philharmonic Orchestra plays Harald Saeverud, Johan Svendsen (S). (9.00 Interval Reading). 9.05 Edvard Hagerup Bull. 9.45 Movement Against The Current. Martin Dodsworth with the second of five talks about the Four Quartets by T. S. Eliot. 10.15 King's Singers (S). 11.00 Norway After Grieg. Piano recital by Kjell Baekkelund (S). 11.45 Corelli: Concerto Grosso Op 6 No 12 (S). 11 57-12.00 News.
Medium wave as vhf except: 6.40-11.00 am Cricket: Third Test, India v England at Calcutta on the fifth day.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.46 Breakaway including 8.57 Weather; Travel and 9.00 News. 9.50 News Stand. 10.05 Talking Politics. 10.30 Pick of the Week (s). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm The News Quiz (s). 12.55 Weather. 1.00 News. 1.10 Any Questions? from Minehead. 1.55 Shipping Forecast. 2.00 News; The Afternoon Play. 3.00 News; A Lexicon of Laughter. 3.30 Carry On Up The Shrubbery (British Nudism in the 1930s with Harry Thompson). 4.15 Bathers and Butterflies. 4.45 A Sideways Look At . . . with Anthony Smith. 5.00 Wildlife (s). 5.25 Week Ending (s). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Desert Island Discs (s). 7.05 Stop the Week with Robert Robinson. 7.45 Baker's Dozen (s). 8.30 Saturday-Night Theatre. 9.58 Weather. 10.00 News. 10.15 You The Jury. 11.00 Evening Service (s). 11.15 Great Liners. 11.30 The Wow Show presents "Play Horsey for Me"—A Victorian melodrama (s). 12.00-12.15am News.

CHESS SOLUTIONS

Solution to Position No. 549

1 . . . N-Q5; 2 Q-Q1,RxN! 3 RxR, N-N4; 4 QR-B1,NxB; 5 NxR, NxN gives Black three active minor pieces against two rooks with little scope.

Solution to Problem No. 549

1 B-B5. If 1 . . . K-K5; 2 K-N4, K-Q4; 3 Q-KB3. If 1 . . . KxP; 2 K-Q4, K-B4; 3 N-K3. If 1 . . . K-K7; 2 K-N2 and 3 Q-Q3 or 3 Q-B3. If 1 . . . KxN; 2 K-Q2, K-B3 or B3; 3 Q-B3

LEISURE

Yesterday's papers: Goods from £1-£30 from Dodo, 3 Denbigh Road, W11; open Fridays and Saturdays

COLLECTING

The trifles and eccentricities of history

BY JANET MARSH

TEN YEARS ago, the formation of an Ephemera Society appeared a somewhat eccentric enterprise; but it now has arrived at its decennial with a *huge membership list* and a very lively monthly diary of functions, demonstrating the con-*temporary enthusiasm for paper* collectibles.

The society publishes a list, *strictly for circulation within* the society, detailing every member's wants and interests *and demonstrating the* variety of printed or written matter that comes under the global heading of ephemera. *It turns* out that there are collectors for face-powder boxes, milk bottle tops, freshen-up towels, the Royal family of Monaco and the topography of Machynlleth as well as more regular collectibles such as postcards, posters, bus tickets, train tickets, tram tickets, menu cards, comics, Christmas cards, playbills, programmes, games, cigarette cards, music covers, chapbooks and children's literature, banknotes and billheads, fans and funeralia.

There are enthusiasts for *transport and aviation, surgery* and dentistry, movies and medicine, smoking, surfing, boxing and breweries, Girl Guides, Boy Scouts and every conceivable war, profession or sport.

A gentleman in Chessington wants anything relating to rats and mice. A Miss Strange collects "illegible signatures of well-educated people." Someone else desires anything to do with the London Association for the Prevention of Premature Burial. A collector in Dawlish seeks airline *sickbags*. After this, it seems a bit unenterprising merely to collect Mickey Mouse, *Prince Charles or plastic bags*, which also figure among members' wants.

The detachment of a member in Germany is admirable. He admits his interest in wrapping paper but adds that he is "mainly interested in ephemera rather than collecting it." Would that more of us had such an ascetic approach to keep up from the cupboards full of avalanching piles and files and envelopes which are the mark and bane of the ephemera collector.

No less appealing is the entry *for a lady who announces her*self as "Newcomer in the field, therefore uncertain as yet." Is it too late to save a soul from slavery to print? Might she be warned by the helpless gasp of Miss Laing of Amersham as she confesses (with despair or pride?) "a lifetime's accumulation of miscellaneous paper."

Not surprisingly, the most popular activity of the society is its bi-monthly bazaars, held *on Sunday mornings, when* tens of thousands of bits of printed matter are offered for sale by *members as professional* or amateur dealers. It is a privilege of membership to be allowed in an hour before the hoi polloi; the advantage of having a stall (which any member may do, though there is usually a waiting list for them) is that you get an even earlier pick of the treasure.

The society's journal, The Ephemerist, *which appears with* creditable regularity, has a nice old-world style, with correspondence on whether the word should be pronounced effemera or effeemera, and how stallholders should behave. An article on "mini-stickers" drew a stertorian rebuke: "Do we . . . have to be regaled with the sweepings of the gutter of the contemporary scene? The article . . . is an affront, not only to good taste but to good sense." There was a cool reply which, incidentally, provided a pithy justification for obsession with the ephemeral trifles of the past: "However disturbing, the mini-sticker . . . must take its place as part of the evidential data *of history.*"

The society also organises an annual exhibition. The present one, "Bill of Fare," starts a regional tour on January 8 at the Cumbria College of Art, Carlisle. The 1985 show will be on the history of the greeting card. There also is a regular lecture programme and, in keeping with the generally Victorian style, an annual presentation of the society's medal, named in honour of Samuel *Pepys and awarded for service* to ephemera studies.

Last year's recipient was Robin Alston, in recognition of his work on the British Library's computerised 18th century short-title catalogue.

The market in ephemera is now booming, thanks in part to the stimulus of the society, with new dealers appearing regularly in the antique markets. The doyen of ephemera dealers is Andrew Block, who has been specialising in the field since 1910.

Mr Block is in his nineties and is no longer in his shop in Barter Street, London, WC1, as often as he was; but it continues to be run for him by a friend, the actress and children's author, Meg Kidd. Other long-established and helpful special*ists are John Hall of Harring*ton Road, and David Drummond's Pleasures of Past Times in Cecil Court.

The major London auctioneers also hold regular sales of printed ephemera while a new firm, Onslows (123 Hursley, Winchester, Hants), organised its first London auction last month and intends to continue to specialise in ephemera.

The annual subscription to the Ephemera Society is £11 and the address of the membership secretary is 12 Fitzroy Square, London, W1P 5HQ. The next bazaar will be on January 27 at the Washington Hotel at 11 am (10 am for members).

GARDENING

A nose by any name . . .

BY ARTHUR HELLYER

I ONCE received a letter from a reader asking why I persisted in calling Fragrant Cloud a richly-scented rose when, in fact, it had no scent at all. At the time, I took it as just one more example of the inability of some people to register some scents: but an article in the autumn bulletin of the Royal National Rose Society suggests another explanation.

Angela Pawsey — whose father, Cliff Pawsey, is managing director of Cants Roses, Colchester—became involved in answering complaints from customers who did not agree with the fragrance ratings given in the firm's rose catalogue. She decided to investigate rose perfumes for herself, both by sniffing blooms personally and by comparing her results with those of her 10-year-old niece, Sally-Anne (after whom the rose English Miss was named), and of her father and mother.

To some extent all disagreed, which is just what I would have expected because I am well aware how differently people react to rose scents; but on one rose they were unanimous and on several others they came close to consensus.

But before I come to that I *want to record the* remarkable thing Miss Pawsey says about Fragrant Cloud: "I am sure *that I am not alone* in disliking the odour from the most fragrant variety Frangrant Cloud, *late in the flowering season.*" It had not ocurred to me that anyone ever would find it offensive; *indeed, I had not* realised *it* altered in character with time.

Now I know better and it *seems possible that my* irate reader was not telling me that Fragrant Cloud had no smell, but that *it was unpleasant.*

The one rose on which Angela, Sally-Anne, Cliff Pawsey *and his wife, Frances, all agree* is that Wendy Cussons is very fragrant. No doubt there are others who think otherwise, but I am glad to find even this degree of support for the evidence of my own nose.

Incidentally, Wendy Cussons, raised in 1959 by the late C. W. Gregory of Nottingham, still is a first-class rose available from every nursery and garden centre. It is sturdy in growth and shapely in bloom and marred *only slightly* by a lack of resistance to black spot and a rather hard cerise colour.

It was rated seventh in the Royal National Rose Society's analysis of varieties for 1984 (in which Fragrant Cloud came fourth with no hint that anyone thinks it stinks).

In Miss Pawsey's league table of fragrance, there is near-consensus on Blue Moon and Margaret Merrill. Angela dropped Blue Moon to "fragrant," which is one below "very fragrant," on an overcast but mild afternoon in August 1982 but on two other samplings the following year gave it full marks and the others did so all the time.

English Miss scored one point one point less and Alec's Red had five top marks, one second and one third; but after that things began to go all over the place.

Sally-Anne, whose inde*pendence of mind I like, found* Korresia and Alpine Sun very fragrant and Dutch Gold fragrant but was unimpressed by all the others. Angela noted that Pink Favourite, which she had rated very fragrant on that overcast day in 1982, was only just scented the following year on a day that was cool and overcast.

All sampling was done in the early afternoon in the month of August in two successive years, and Mr Cant thought that this was a mistake. Results, he believed, would have been different at other times of day and in other months. But he admitted also that it might have been better if he had been *blindfolded* to *prevent* any suspicion of auto-suggestion.

Not all flower scents are as capricious as those of the rose, nor do the best always come from the finest flowers. Leaving my car a few weeks ago in the Royal Horticultural Society's Wisley garden on a rather cold and cheerless day, I found myself enveloped immediately in the sweetest of scents.

Casting around for its source I could not at first see any flowers, but soon realised I was close to a big bush of the plain evergreen form of Elaegnus pngens. Closer examination revealed the flowers, hundreds of them, but small and hidden among the leaves and making no kind of display.

It was the scent that revealed their presence just as, early in the New Year, it will be the sweetness of the tiny *yellow flowers* of Azara microphylla that will draw people to seek them out behind the little *evergreen* leaves.

The two winter-flowering shrubby honeysuckles, Lonicera *gragantissima and L. standishii*, also have this ability to throw their scene for many yards. The little *creamy-white* flowers, tucked away in the angles of the leaves, are not unlike those of the *elaeagnus and are equally* sharp-scented and refreshing.

One bush in the garden is enough and my own, of L. standishii, is tucked away between a mock orange and a spring-flowering viburnum which conceal its lack of summer beauty. But I could not be without it because of the never-failing sweetness of its scent.

By contrast, the best of the witch hazels—for my money, Hamamelis mollis praecox—not only is reliably *sweet-scented* even when the weather is cold, but also is the most spectacular *fully hardy shrub* to be *in* flower in mid-winter. I always expect it to be out by the second week in December when its display of spidery lemon-yellow flowers far exceeds that of my two winter flowering viburnums, fragrans (or farreri in botanically up-to-date catalogues) and bodnantense Dawn, both of which are always delightfully fragrant with no argument about it.

COUNTRY NOTES

John Cherrington inspects the French countryside

Views en route

THE PLEASANTEST, though not necessarily the shortest, journey between two points in France is by way of the D-routes (Routes Departementales) as opposed to the Routes Nationales and motorways.

These days, they are for most part well surfaced and signposted; and the only problem my map-reader finds is that they hide the numbers well out of *sight*.

Unlike English road-builders the original French engineers thought of their horses and, instead of going straight up and down hills in the uncompromising British fashion, graded their roads so that one climbing out of a modest valley appears to have been modelled on one designed to cross the Alps with *gentle gradients*, at the very least. Away from the slopes they seem to run quite straight, *like a rifle trained* on the next church spire.

As in many European countries the old-time farmers huddled together in villages for protection; and there you can see some picturesque steadings built of old stone with tiled roofs and paintwork peeling, as it must have been peeling for generations, until *only the* wood is *showing*.

The story goes that this fashion was because the French had a tax on apparent wealth. If you were too poor to paint your house, you obviously were out of the tax-paying league. But it must be tradition *and not poverty* that keeps up this appearance: I have been invited into many such houses *and find them well stocked with* deep freezers, televisions and other examples of gracious living.

Not all French people like to mortify their sensibilities by living in rude surroundings. On the outskirts of every village is a notice pointing out the number of sites available for building new houses, and a lot are being built.

They are much of a pattern: rather simply-designed bungalows or houses, each built on its own little mound with a garage underneath and plenty of space between neighbours for gardens. The French don't seem to have submitted to the sort of planning restrictions accepted in Britain.

The villages don't seem to run to pubs on our pattern. There are some rather rough-*looking cafés but they do not* know how to make tea, even black tea. The smaller towns *often conceal some quite excep*tionally good restaurants and hotels not mentioned in the *Michelin guide, however.*

Spotting the right one is a bit of an art. Most of them do a special workman's lunch from 35 to 40 francs. If it looks well patronised, it will be all right to move up the menu. Most also will do a small jug, or *pichet, of wine far cheaper than* half a bottle—and probably the same.

Bedrooms are very reasonable. I stayed in six country hotels, all with private bathrooms, and the cost averaged about £15 for two with conti*nental breakfast*. The beds were all very comfortable, most important as few French hotels *have anything resembling a* lounge.

WINE

Sparkling sales for the bubbly

EDMUND PENNING-ROWSELL

ALTHOUGH the final figures *will not be available for an*other few weeks it is clear that in 1984, more bottles of champagne *were sold than ever* before: between 186m and 188m is the latest authoritative forecast, compared with 184.6m in 1978.

This might not seem a large increase unless you remember the sales crevasse that led to *only 146m bottles as recently as* 1982 when export sales, vital for the merchant houses, *dropped from a peak of* 55.8m bottles to 43.9m.

In fact, it is the exports that have responded particularly to the recovery. They have risen by around 30 per cent against a 20 per cent increase on the home market. Not surprisingly, with the dollar as high, the U.S. has led the sales abroad, with an increase of more than 40 per *cent and a total sale that might* reach 12m, bottles. Britain, which until the autumn was *heading the list, will come* second with sales comfortably exceeding 10m bottles, up about *20 per cent.*

Although this makes cheerful reading for the Champenois, there are those, including important merchants, who say that the recovery has been too quick. The 1982 low was followed by a sale in 1983 of 160m bottles (−10 per cent) whereas, in the year just ended, the percentage increase is nearer 12.

The difference might not appear significant, but an unquantifiable factor that must be taken into account is the size and quality of the coming couple of vintages. For while 1984 just scraped through in *terms of size, it did not offer* much comfort on quality.

In spite of a poor spring and *irregular flowering, a fair sum*mer led to optimistic forecasts until it was discovered that millerandage (grapes failing to swell) was worse than expected; and then much of September was unusually wet.

A late, dry, speeded-up *vintage, with up to 40,000* pickers in the vineyards, saved the day with a total equivalent *to 196m bottles, but the quality* is undeniably poor. The grapes often were not fully ripe and *the alcohol strength* very *low*, although this can be corrected to some extent by the legiti*mate addition of sugar to the* must in the fermentation vats.

Yet, poor quality in a single vintage is not anything like as serious in champagne as it is in other districts, for champagne is a *blended* wine and there is no lack of the excellent 1982 and 1983 to assemble a non-vintage puree.

It is, however, thought by some that after those two prolific years, when the equivalent of 225m and 292m bottles was harvested, the vines may still be tried this autumn, though a good deal will depend on weather during the five-to-six month growing period. The vineyard area, that is growing *in the next five years to 30,000* ha, will not have much more in production than last year's 24,500 ha.

Nevertheless, a good-sized, fine vintage is needed in 1985 or difficulties could recur, though insurance exists in an officially-blocked stock of 25m bottles of 1982 and 75m bottles of 1983, as yet without the *appellation controlee* that can "top up" a poor harvest; and the stock of 1982 will be released at the end of this month.

To maintain quality champagne *needs three years' stock* in its cellars: and although at the end of the 1983-84 "cam*paign year" last July they aver*aged 3.8 years' sales—660m bottles — present indications show *that sales of 200m bottles*, forecast not until 1986, will be achieved this year.

Moreover, a disproportionate amount of the stock remains in the hands of the growers who, for reasons of taxation (they don't pay until they sell) and in the hope of higher prices later on, are keeping, below stairs as much as they can afford.

So the merchants still are thirsty for wine, which is why *not only did the official price of* top-quality grapes in the last, poor, vintage rise by 2.54 francs a kilo to 18.07 francs but the growers in seven villages on the much-sought-after Côte des Blancs received an extra franc a kilo for their Chardonnay grapes.

This was to encourage these growers to sell their grapes rather than keep them, either to market champagne themselves or to put them into reserve as still wine. Whether this "bribe" will work is an open question.

Meanwhile, this record 1984 has not been as profitable to the whole champagne trade, *centred in Rheims* and Epernay, as might be imagined. Something almost like a trade price war *has* been in progress.

Some of it could not be avoided. In the years of "penury"—the terms employed commonly by the trade for the 1978-81 period—the price of grapes was so high that many of the smaller houses were put under such financial pressure that they had to sell their latest blends at extremely low prices, often under buyers' own-blend labels.

They were as low as 35 francs a bottle until the indication of the *poor vintage* put them up a few francs. Others took advantage of the previous abundant crops to sell these young champagnes at basic figures. But such wines have been selling in French supermarkets for as little as 40-43 francs compared with 80-90 francs for the *grande marques*, though some of these have been engaged in what is politely called "discount-selling"—to the concern of their more-traditional col*leagues in the* Syndicat des Grandes Marques.

Recently, this eruption of cheap champagnes has spread to this country; but in a market survey taken by the French supermarkets (the chief low-price suppliers) as to the motivation of their customers, 40 per cent thought cheap champagne was not good, because *price suppliers) as to the moti*-out of 10 adults drink it at least occasionally, this opinion might *be taken account of here, too,* where the income-bracket of champagne drinkers is surely *much higher.*

In the French trade *vente directe* is a very important feature, from growers who market their own champagne to the most distinguished houses. Alain Robert, a young grower who I visited last month on Le Mesnil on the Côte *des* Blancs, sells five-sixths of his grapes, but each year makes *about 15,000 bottles and dis*poses of them to 600 private customers.

The co-operative of Mailly, in one of the Montaigne de Reims' top villages, sells half its 400,000-bottle output privately to 7,000 customers and it also *sells rosé to Sainsbury's.* Even Krug — which recently has lanched its first and very dis*tinguished Blancs de Blanc*, Clos de Mesnil '79, which retails here at no less than £40-£50 a bottle — *has* 3,000 private clients, 30 per cent of its domestic market.

Such direct contacts are little open to us in Britain. With freight duty and VAT they would save little while going far to destroy the trade as it is. *For direct selling is the reason* why there are almost no traditional, stock-carrying wine mer*chants in France.*

But as visitors there notice, champagne prices are not all that much *lower than here*. Indeed, in the past two years they have remained basically unchanged: so in real terms they are less than they were. This now is going to alter, and they are to raise by about 10 per cent, probably from the beginning of next month.

So, in spite of Christmas bills and New Year taxes, this is the time to lay in at least a few bottles; and, Sunday trading apart, there are just 22 champagne-shopping days to February.

BOOKS

Of revolutions and puffery past

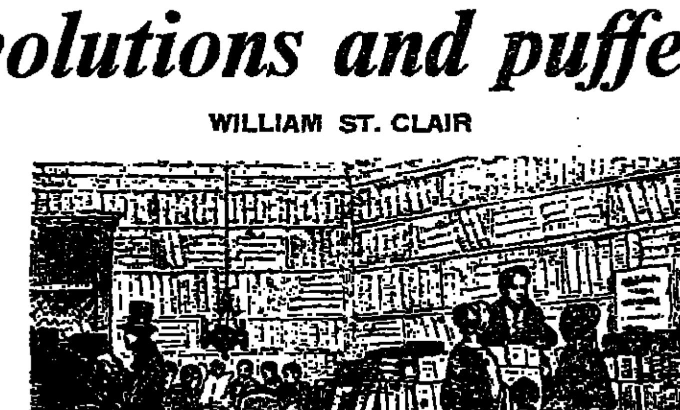
WILLIAM ST. CLAIR

DURING the 19th century the most popular format for *English fiction was the three*-decker. Novels were also published in single volumes or in *two volumes, but from the time* of Sir Walter Scott until the 1890s, three-volume works out*numbered all other sizes.*

Publishers' contracts usually prescribed 320 pages per volume at 25 lines to the page, but if the author could not produce his literature exactly to measure, the printer was able to help. By varying the size of the print and the width of the margins, he was able to fit novels of different lengths into the chosen fashion as skilfully as a good tailor. Trollope and Thackeray easily fulfilled their production targets with novels of nearly 200,000 words on average. Other authors, by agreeing to start a new chapter every few pages—and so give plentiful opportunities for leav*ing blank paper*—were able to fill three volumes with less than 100,000.

One feature which did not vary was the price. Three-deckers were expensive. They cost thirty one shillings and sixpence, half a guinea a volume, a convention which persisted for nearly a century after the demonetisation of the guinea. For the price of, *say, East Lynne* by Mrs Henry Wood, you could employ *several servants to do the* housework during the week which it took to read it. Most copies were, however, sold to the big circulating libraries who hired them out for a fee, and they had a comfortable relationship with the producers.

Fortunately for the reading public, there have occasionally been publishers ready to break free from the conventions by which the book industry has traditionally tried to maintain *a high price structure.* Richard Bentley started his Bentley's Standard Novels series in 1829 *by reprinting a few recent* favourites by Fennimore Cooper. He bought up for very little the copyrights of works which had apparently exhausted their potential, such as the novels of Jane Austen, and he introduced them to a huge new readership. Twenty years after the end of the great war against France there was also a strong demand for the tough naval stories of Captain Marryat where chaps are forever punching out one another's teeth in friendly fist fights on the decks of real three deckers, and Bentley had a strong line in the popular



silver fork novels of fashionable life.

Each novel in the series was sold complete in one volume at a price of six shillings. Eventually there were 126 separate titles, all with a specially engraved frontispiece. Bentley introduced entirely new covers which were both durable and attractive in themselves al*though it is now difficult to find* copies in good condition. The maroon canvas format which he eventually favoured had the royal arms blocked out in gold at the top of the spine and the price — which had by then fallen to three shillings and sixpence — in equally conspicuous gilding at the bottom.

The average print was over three thousand, and from the records which survive, it is *gratifyingly clear that* the best novels sold the most copies. Bentley's attempts to pad out his list with such worthy works as *Self-Control, Discipline*, and the *Pastors Fireside* only resulted in stocks being sold off unprofitably as remainders. Bentley demonstrated vividly that the lower the price the bigger the market, a proposition about which an industry devoted to restrictive practices has always been sceptical. He also continued to commission and publish three deckers, some of which were later reprinted in the Standard Novels series *for those lower down the* economic scale, indicating that the two readerships were *largely separate.*

The growth of the fiction-reading public coincided with the great age of railway expansion. The trains allowed the middle classes to escape the peasoupers of London and enjoy instead the more salubrious fogs of the suburbs, but many people were destined to spend an increasing portion of the day in commuting. One of *Bentley's* later rivals in fiction reprints called his series Routledge's Railway Library. Richard Bentley, grandson of the founder of the business, is said to have held a season ticket from Paddington to Slough continuously for 63 years, which is a lot of potential reading time.

Bentley was a publicist as well as an innovator. Many of *the Standard Novels* were advertised as revised, corrected and enlarged by the author, although the changes were often minimal. Short biographical introductions were added so that readers felt they were getting more with the reprint than was available with the original. Reviews in the literary press were skilfully contrived, and the house of Bentley took the art of puffery to new extremes of extravagence. The second Richard Bentley, who disliked such ungentlemanly methods, was, however, more interested in the weather than in the book business. Evidently no hype artist himself, he entitled one of his own books "Upwards of Sixty Years Rainfall at Upton, Slough, Buckinghamshire, *including* hail, sleet, snow, hoar frost or mist." He sold out to Macmillan as soon as he decently could when he inherited the business at the age of 4[illegible] and the imprint disappeared.

It was more than a century after the start of the Standard Novels before Allan Lane and his sixpenny Penguins produced a comparable *revolution* in publishing methods. It is time we had another.

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Telephone: 01-248 8000

Saturday January 5 1985

The tale of two cities

CONSIDERING that Mrs Thatcher and President Reagan are supposed to have much the same philosophy, the contrast between the results they obtain grows more astonishing every day; and at this summing-up season of the year, it seems especially stark. About the only thing the two economies have in common is growth; but where ours remains sluggish, that in the U.S. has been unsustainably fast.

For the rest, it is a tale of opposites. Whether you look at lagging indicators like employment, or forward indicators like the stock market, you can simply reverse the signs. U.S. unemployment falls, ours rises. The London Stock Exchange has just enjoyed a record year, while on Wall Street, brokers have seen profits fall by more than three-quarters, and top-level salaries by more than half.

Momentum

These financial events suggest a great difference in monetary policy, and the foreign exchanges continue to confirm this analysis; the dollar rises while sterling falls, which simply means that there are not enough dollars to meet international demand, and too much sterling.

Money piling up in institutional bank accounts provokes bargain hunting, so that the London market seems to have an upward momentum which has little to do with the flow of news. In Wall Street, the heavy borrowing by the U.S. treasury keeps liquidity short. In addition a strong currency squeezes competitiveness and deflates foreign earnings, while a weak one has the opposite effects.

Outlook

Underlying this is an equally strong contrast in fiscal policies—the huge U.S. deficit is too familiar to require comment—and a less widely remarked contrast in private behaviour. In the U.S., personal saving is still near its all-time low, which may reflect the growing expenditure of the retired. Here personal saving is still high by historic standards, and corporate saving is also high.

These contrasts are richly suggestive, whether you are discussing the outlook for 1985, or trying to make policy. So far as the outlook is concerned, it is the U.S. which plays the tune; the challenge for everybody else is simply to follow the music. The American hunger for funds, and the monetary policies which keep the dollar internationally short, are imposing something like world-wide deflation, with commodity, oil and gold prices falling.

These markets acknowledge not only the retreat of inflation, but the likelihood that real interest rates, even if they ease, are likely to remain historically high. They also reflect a much less than buoyant outlook for world trade, with U.S. attempts at protectionism likely to intensify, as Mr Nakasone from Japan has no doubt already learned in his talks with President Reagan.

Dynamic

What is the right response to this unbalanced U.S. policy? So far the European governments have been unanimous: they have tried to keep the world economy on an even keel by rushing to the other side of the boat. Fiscal policies, according to the OECD, are abnormally tight. Monetary policies, allowing for distortions, are on the lax side.

While this has maintained a rough kind of equilibrium, it has not been a very satisfactory one as seen from this side of the Atlantic. Britain's performance, except in terms of unemployment, is positively dynamic by European standards. On the Continent as a whole, year after year of sluggishness is sapping not only enterprise but morale, and this depression could prove self-justifying.

The American media, which used to spend much time and space on American worries about productivity and dynamism, have now switched their gloom to Europe, with daily tales of terminal decline. One result is that U.S. investors and industrialists look increasingly across the Pacific rather than the Atlantic when they seek international opportunity. They put up factories in Malaysia and buy hotels in the European tourist museum.

It is not surprising, then, that criticism of the fiscal puritanism which has left Europe in this state is increasingly under attack, notably in this country. The pressure on the Government to do something to stimulate activity and employment grows daily, and seems unlikely to die down.

Risks

The Government's critics, including a growing number of Tories, are effectively yearning for something a little more like President Reagan's willingness to run fiscal risks (with the strong support of the voters). With Nedo now joining the CBI, the construction industry, the Scots and practically every independent policy institute in calling for higher public investment, with BA privatisation stalled and the cost of the miners' strike rising, and unemployment still trending mercilessly upward, the defenders of the strategy are going to have a hard time between now and the Budget in March.

HI-TECH GROWTH COMPANIES

City where dreams came true

By Peter Marsh

PLANNERS and politicians across Western Europe share a common vision — that small, science-based companies could rescue the continent from the economic doldrums and aid competition with the U.S. and Japan.

But how to stimulate the creation of such enterprises? The list of people attempting to answer this question appears endless — bankers, civil servants, university professors and the would-be entrepreneurs themselves.

With attention so focused on the issue, the spotlight falls on the small area of Britain around Cambridge. The University City has achieved the sort of rapid growth in fledgling, technology-based companies more commonly associated with Northern California and Massachussets in the U.S.

The city and its surroundings boast about 300 of these firms in areas such as computers, medical equipment, lasers, engineering instruments and biotechnology. Most of these businesses are less than five years old and employ fewer than 50 people.

Analysis of the Cambridge high-technology scene shows that:

● The most important ingredient in the area's success is people. Most of the small high-tech companies in the city can trace their growth to the actions of a few individuals back in the 1960s. These people influenced others more by example than by official measures prescribed by city hall planning officers.

● An efficient social network by which individuals can transfer ideas is important. Rather than establish special mechanisms to create new companies (by handing out development grants for example), planners may be better advised to stimulate the growth of wine bars where people can talk.

● Cambridge University has played a key role in providing both people and technologies which have fuelled the formation of the small firms. Crucially, the university has few rules that inhibit academics from involvement with commercial activities. In a further move, Trinity College developed a science park on the fringe of the city that has fostered links between industry and the university.

● Many of the enterprises in the city have grown according to what has become known as the "soft company" model. In this pattern, an individual starts a business activity (from the shelter of either an academic department of an existing company) by selling either consultancy expertise of custom-made equipment to specific customers. Gradually, and with a low commercial risk, the company "hardens" by diversifying into products that are more standardised and sell to a wider market.

● In Cambridge, positive views about the benefits of high-tech start-ups are not only held by individuals but have entered the corporate philosophy of the city's larger firms, which go out of their way to encourage this kind of enterprise.

● A sympathetic attitude by the banking fraternity is necessary. In Cambridge, a local branch of Barclays Bank set up in the late 1970s a "computer club" that brought together individuals from the city's high-tech community. Managers at the bank found out about the special requirements of small, science-based companies and subsequently played a leading role in lending cash to help them start up.

HIGH TECHNOLOGY IN THE UK IS FOCUSED ON CAMBRIDGE—PETA LEVI LOOKS AT THE REASONS

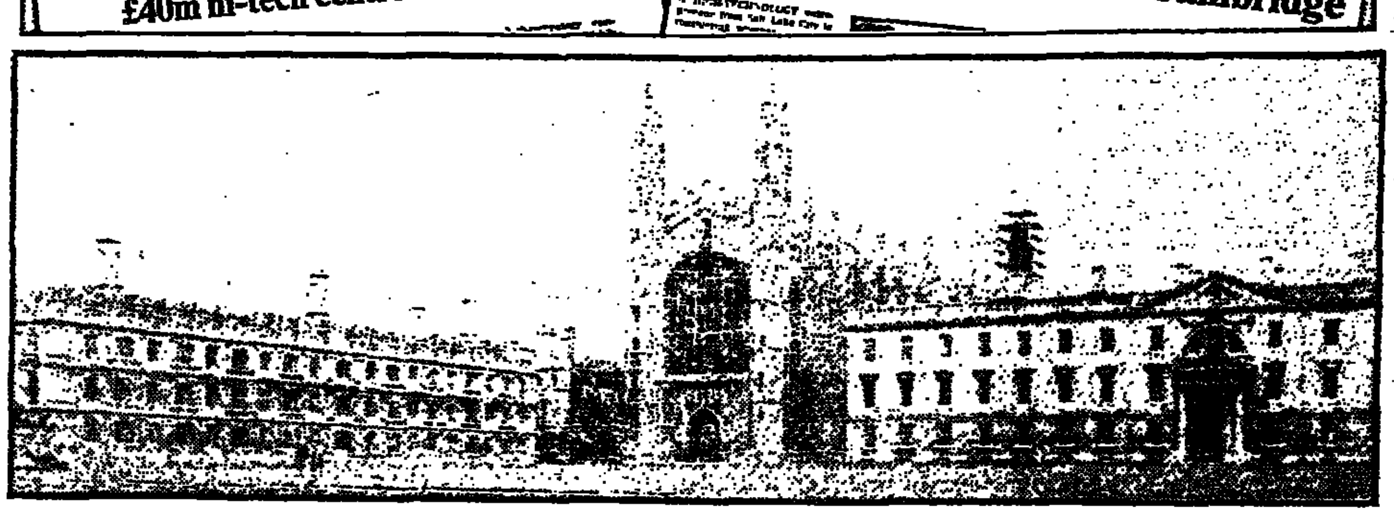
Cambridge: The place where success breeds growth

Developer seeks consent to build £40m hi-tech centre in Cambridge

U.S. ENTREPRENEUR AIMS TO SET UP HIS OWN BRAND OF SCIENCE PARK

Salt Lake City vision for Cambridge

BY PETER MARSH



"Cambridge University has placed few restrictions inhibiting staff contact with the business world"

Cambridge's high-technology companies have helped to keep the economy of the city relatively healthy. According to Dr Nick Segal, a planning consultant who next month publishes a report on Cambridge's high-technology companies, such enterprises employ one person in six out of the workforce of the city and surrounding region of some 90,000.

The University has played a key role

Dr Segal estimates that two or three new technology-oriented concerns form every month, many of them with links with existing companies in the area or with the engineering or computer departments of Cambridge University.

Cambridge is fairly small and is isolated from other built-up areas. In such a place, a closely-knit community of technical people can have a key impact.

In the words of Dr Hermann Hauser, a former Cambridge University physicist who is chairman of Acorn Computer, Cambridge has a "critical mass" of such men and women. To pursue further this analogy with nuclear physics, the interactions between these people has produced a chain reaction in the form of a stream of high-technology start-ups.

Acorn itself is one result of such interactions. It was formed in 1978 by Dr Hauser and Mr Chris Curry, who formerly worked for a company owned by Sir Clive Sinclair, another product of the "Cambridge effect."

The concentration of technical expertise in Cambridge has four main effects in breaking down the barriers to people forming their own businesses. *First, companies find it easy to* buy either knowledge or engineering hardware from firms or university departments that are on their doorsteps.

Acorn, for instance, places regular orders for work with half a dozen software or engineering concerns in the Cambridge area. It also employs on a part-time basis 10 or so academics from the university's computer department.

Shearline, a small engineering company in the city, has built up a turnover of £500,000 by supplying components to the science-based firms around Cambridge. Mr David Littlechild, managing director, says he educates his staff to understand "boffin language" so they can translate the ideas of scientists into specifications for engineering hardware.

Dr David Frape, a nutritionist who works for a Cambridge biosciences company called Cantab, studied at the city's university in the 1950s and knows many of the institution's research staff. He has access to libraries and laboratories and is on various academic committees. "It's extremely convenient," he says.

In the second effect of the "Cambridge connection," an entrepreneur in the special environment of the city has a better chance of spotting commercial opportunities in the specialised areas that are most suited to small technology-based companies.

Such markets could include, for example, the supply of instruments to semiconductor houses, consultancy work in materials and computer-aided design packages in specific areas such as plant construction.

Third, the Cambridge high-technology phenomenon has sucked into the region a corps of non-technical service providers. These concerns—accountants, patent agents and merchant banks for example—provide a tier of expertise that aid men and women who want to set up a business.

The fourth and most important result of the critical mass of technical people is purely psychological. In the jargon of social sciences, men and women often require a "role model" to encourage them in a worthwhile, but difficult, task. Cambridge boasts plenty of people who have started their own technology-oriented businesses—to the extent that other individuals are inspired to follow their example.

Mr John Galpin, a laser specialist in Cambridge, puts it this way: "Everyone you go drinking with seems to have started their own company—and they enjoy it." About a year ago, Mr Galpin took the plunge himself, leaving a job with Coherent, a U.S. laser manufacturer, to start Photon Control, which sells mechanical hardware to the optics industry.

Mr Galpin once worked for Cambridge Consultants, a company which has greatly influenced the high-tech industries in the city. The company, which sells research expertise in areas such as electronics, was formed in 1960 and has a staff of 200. It is also a breeding ground for people who have become prominent in other areas of the city's high-technology scene.

Sir Clive Sinclair worked briefly for Cambridge Consultants before starting, in 1962, Sinclair Radionics—which later became Sinclair Research. Mr Richard Cutting, who runs Sir Clive's Cambridge research laboratory, was formerly managing director of Cambridge Consultants. Another distinguished old boy is Mr Gordon Edge, chief executive of PA Technology, the research arm of the PA consultancy group, which is based on the fringe of the city.

A total of 25 or so companies in the Cambridge area can trace their origins to former employees of Cambridge Consultants. Unlike many firms in Britain, the company encourages this kind of splintering. Dr Paul Auton, Cambridge Consultants' managing director, says that the process is inevitable, given the kind of entrepreneurial people his company seeks to recruit.

When employees leave to start their own firms, Cambridge Consultants tries to maximise the benefits to itself by taking a share in the new concern, or arranging a product-licensing deal. "Spin-outs" from Cambridge Consultants which have this type of business connection include Domino, which makes printing equipment, and Signal Processors, which works on high-speed circuits.

Everything about the boom was unplanned

Dr Auton's philosophy on spin-outs is shared by other established firms in the Cambridge area. At PA Technology, Mr Edge tells employees with ideas for new products to set up a new company to sell them. (PA Technology does not sell anything other than the results of its research and development studies.) Companies that have evolved in this way include Lintech (semiconductor hardware), Syscon (electronics) and Primagraphics (computer software).

Acorn has its own venture-capital fund, which has financed new firms in the Cambridge area such as IQ Bio (biotechnology), Meridien (hi-fi hardware) and Torus Systems (office automation).

A particularly free-wheeling view of start-ups is given by Dr Paul Johnson, technical director of Oric Products, a computer company with laboratories in Cambridge. He says of employees who want to leave to begin a new concern: "I'd think it was great fun—if the idea was good, I'd want to invest in it."

The development of many of the Cambridge firms has followed the so-called "soft company" pattern. The term originated in the U.S., to describe the growth of technology-based firms that evolved from establishments such as Stanford University and the Massachusetts Institute of Technology.

In a paper in 1983 on academic enterprise in the U.S., Mr Matthew Bullock, corporate finance director of Barclays Bank, spelt out how soft companies evolve.

Banks may see soft companies as a relatively low risk and so be more inclined to lend them money. Mr Bullock argued in his paper: "Soft companies are easy to start up because of the low financial and management requirement. Although slow to develop, they are also less prone to failure because of their reliance on bespoke sales and because of the resilience of their cash flow resulting from sales on longer-term contract."

If soft companies are to evolve from the work of people at academic institutions, the latter must show flexibility in permitting staff contact with the business world.

In this area, Cambridge happens to have the right credentials. Compared with many of Britain's academic establishments, Cambridge University places few restrictions that inhibit this kind of activity.

Often, a Cambridge researcher leads a dual existence, holding down a part-time job in industry while continuing with his academic work. For instance, Dr Bill Bolton, the head of manufacturing engineering at the university, is managing director of Cambridge Robotics, which specialises in fibre-optic work and engineering consultancy.

Another link with industry was through the Computer Aided Design (CAD) Centre, a government laboratory set up in Cambridge in 1969 and relying for much of its technology on the university's computer department. About 10 CAD companies have been started by people leaving the centre, which is now run by a private consortium. The firms include CIS, NC Graphics and Prosys.

Perhaps the most interesting lesson about Cambridge is that virtually everything about the city's high-tech boom was unplanned. Sir Clive Sinclair says that, in many ways, Cambridge in the 1960s was a poor candidate for a British version of Silicon Valley: communications were poor, as was pay for technologists. "I could choose a dozen or so places where this kind of growth could just as easily take place—Liverpool is a good example."

The crucial factor, it appears, is people. Dr Auton of Cambridge Consultants thinks that other towns with a seed bed of scientists from a university could be in a good position to emulate Cambridge. It would be relatively easy to add the venture capital.

"But then," says Dr Auton, "you need a number of individuals to set the ball rolling—and I do not know how you force that."

Letters to the Editor

The worst year of my life

From Mr G. Gardiner

Sir,—Barry Riley's excellent article (December 29) on the stockmarket crash of 1974 needs to be supplemented with the analysis that ascertains the real blame, so that a repetition may be avoided.

For decades the ordinary share market was a one way affair, the principal net effect being the transfer of the ownership of company securities from individual private shareholders to the institutions, largely the life assurance and pension funds. The sales by the personal sector were not all voluntary, as a considerable proportion was due to sales to raise cash for the payment of capital taxes. Indeed, as the personal sector was a net investor in all capital assets with the exception of company securities it would not be improper to say that the personal sector in the aggregate pays all its capital taxation in respect of all capital assets with the proceeds of the sale of company securities. When there is a persistent involuntary seller in a market, the level of that market will depend on how actively other investors take up the stock offered. That this gives the insurance companies a chance to determine the market level is illustrated by the following.

During the quarter year to June 30 1972 the insurance companies purchased £223m of company securities, double their previous quarter's purchases, and the All-Share Index hit a new peak of 228.18. During the rest of the year also the index reflected their activity. Their total purchases in 1972 were £679.9m. But in 1973 their purchases were only £356.7m, and the index reflected this by a slide that reached a low for the year of 134.36 in the fourth quarter. Frightened at the slide in share prices and unaware that they were causing it, they reduced their purchases to £11.7m in 1974. They were still net purchasers of £55.9m in the first half, but purchases of only £6.7m in the third quarter brought the index to 75.35. Then in the final quarter the worst happened: possibly for the first time, the insurance companies became net sellers of company securities to the extent of £62.6m, and the index fell to 61.92. But other institutions also became net sellers.

The lunch party of insurance company investment managers in December 1974, at which they were rumoured to have agreed to invest £20m, was probably an invention of the wishful-thinkers of the City. If it took place at all, I suspect that no agreement was reached. If agreement was reached, it is clear that no action was taken, for the insurance companies were net sellers of £26.3m worth of company securities in the first quarter of 1975. They may have helped in the decline in the market, but they had no part at all in its resurgence: the figures prove that. It was the other institutional investors who, with net purchases of £294.4m in the first quarter of 1975, raised the index to 134.99.

An even more significant statistic in 1974 is that of the huge purchases of UK company securities by foreigners. They read the British economy far more accurately than did London, and one wonders to what depth the index would have fallen without them. They must have made a colossal profit at the expense of the British economy. Their total net purchases in 1974 were £982m.

One trusts that all these facts are now well known in the right quarters and that, in particular, the professors of investment that we have acquired since then are teaching their students that a stable market is dependent on a full understanding of the market and that quite small variations in supply and demand can cause dramatic market movements.

G. W. Gardiner,
3 Molly Potts Close,
Knutsford, Cheshire.

Unrepeatable opportunity

From Mr R. Plowden-Wardlaw.

Sir,—Barry Riley's excellent article of reminiscence (December 29) covered the facts of the 1974 Stock Market debacle very thoroughly.

He omitted to mention, however, Lewis G. Whyte's remarkable letter in the Daily Telegraph in August of that year headed "The coming recovery in ordinary shares." In his letter the then chairman of London and Manchester Assurance sought to remind investors that owing to the precipitate fall in prices earnings yields up to 40 per cent pa were available on many leading shares in the FT Actuaries Index and that they were missing an unrepeatable buying opportunity.

These are my only recollections of what he wrote but I feel sure it proved to be one factor which helped to dispel the Doomsday mentality which then gripped the Market.

It was, of course, the leading shares which suffered most in the panic because only they offered a sizeable market for those desperately selling to preserve their collateral position with their bankers. Anyway, within a few weeks a trickle of buying turned into the flood which restored confidence, at least in part, early in 1975.

R. P. Plowden-Wardlaw,
46, Malvern Court,
Onslow Square, SW7.

Giving to charity

From the Legal Adviser, National Council for Voluntary Organisations

Sir,—Dina Thomson's article, "The tax-efficient gift of cash," (December 15) contains a useful summary of ways in which money can be given to charity. In relation to the setting up of a charitable trust, however, merely to state that the Charity Commissioners and the Inland Revenue "may require amendments" to a draft deed "before they give their approval and a registered number" is a potentially dangerous oversimplification. The procedure may, as Dina Thomson says, be standard, but there are numerous pitfalls for the unwary.

To qualify as a charity, an institution must be established for purposes which the law regards as exclusively charitable; and, unfortunately, the legal and the popular conceptions do not necessarily coincide. Notwithstanding helpful judicial classifications at each end of the last century and proposals for reform in this one, the acknowledged point of reference still remains the preamble to a Statute passed in 1601 in the reign of Elizabeth I. Although this state of affairs is not entirely without merit in practice, it means that for most promoters of charities expert guidance is essential. The Charity Commission's staff are invariably co-operative and courteous, but it is no part of their remit to draft governing instruments.

It is with these considerations in mind that NCVO (which already provides an advisory service—at a very moderate cost—to organisations and individuals involved in the voluntary sector) has initiated steps to develop and support throughout the country local sources of legal (and financial) advice with a view to ensuring that the educative process both helps to demystify the existing system and keeps abreast of whatever changes may take place.

Adrian R. Longley,
26 Bedford Square,
WC1.

Scottish bank notes

From Mr T. Whittle

Sir,—The only bank note in circulation which was strictly legal tender in Scotland was the £1 Bank of England note, now being replaced by the £1 coin. Scottish bank notes, freely accepted in Scotland, are not legal tender anywhere, nor, surprisingly, are English £5, £10 and £20 notes legal tender in Scotland.

The Scottish banks have a long standing tradition of issuing their own promissory notes (as the UK note is, in contrast to the U.S. Bill of exchange). They may gain profit on printing notes and prestige by advertising, but this has to be set against extra work for staffs.

The phasing out of the English £1 note will make a difficult situation even worse. There are now only three Scottish clearing banks (but others are seeking clearing status), one is a wholly-owned subsidiary and the other two have close links with English banks.

If we cannot have a United Kingdom note, might not the two independent Scottish banks rationalise the situation by issuing jointly a single series of "Scottish" notes, which Parliament could then make legal tender. Scottish pride would be satisfied and we would at last have a legal currency accepted without question throughout the world.

Thomas E. Whittle,
19 Kildoon Drive,
Maybole, Ayrshire.

World trade in textiles

From the Deputy Chairman and Joint Managing Director, Lister and Co

Sir,—It was ironic reading two articles in the Financial Times on following days. On December 19 the first article entitled "Washington acts against 'unfair' textile imports"—informed us that the U.S. is combating unfair trade in textiles and clothing from seven countries namely, Argentina, Indonesia, Sri Lanka, Thailand, Turkey, Malaysia and Peru because they are subsidised.

On December 20 an article under the heading "Multifibre arrangement under new attack," quoting a London-based organisation—"Trade Policy Research Centre"—supporting Professor Silberston's argument that the MFA should be phased out. Professor Silberston undertakes to knock down our textile industry which has been assaulted from all quarters by misunderstanding the essence of the issue. We don't want protection we want to stand on our own feet to be able to compete in a free and fair market. We must not, however, be exposed to other nations' exported protectionism, direct or indirect.

By contrast the U.S. Government, industry and indeed Press seem to be more aware of these dangers than our own more theoretical academics who pronounce verdicts based on fashionable interpretation of statistics as a substitute for evident reality.

J. A. Kornberg,
11, Harley Street,
Cavendish Square, W1.

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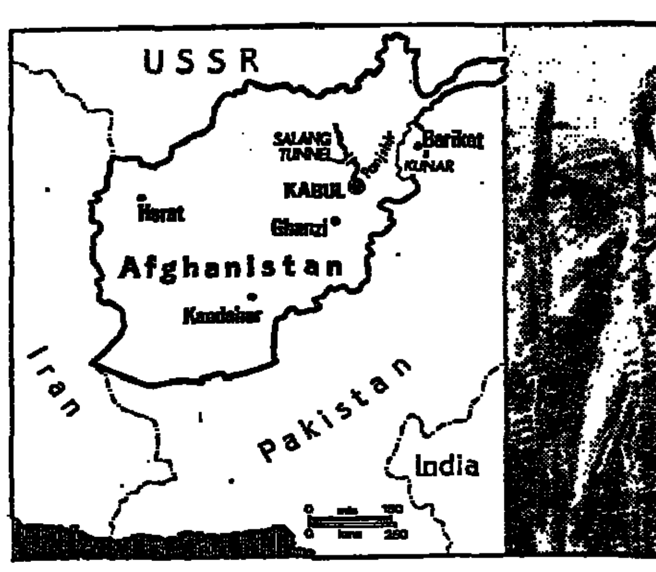
THE FIGHTING AROUND KABUL

Life in Soviet-occupied Afghanistan

By a Western diplomat in Kabul

WINTER in Afghanistan is normally a time when the Mujaheddin resistance fighters visit their families in the refugee camps across the Pakistani border or disappear into the cities for shelter. The Democratic Republic of Afghanistan/Soviet forces also tend to retreat into their barracks hoping that their flares will literally freeze any active Mujaheddin to the ground. (The flares take up to 20 minutes to float down and the Mujaheddin have to stay absolutely still if they do not want to be spotted by the infra-red imagery planes flying slowly overhead.



The snow, which now lies deep enough to ski, within 10 km of Kabul, makes movement difficult for both sides: the passes are blocked to Mujaheddin supplies and even tracked vehicles get bogged down. There was a blessed respite from the clatter of helicopters when the city was covered by snowclouds on December 11 and 12.

Although there were some attacks on Kabul last winter long-term residents confidently expected that the level of fighting *would die down at the* beginning of November. Even the Soviet embassy apparently forecast a lull after the intensive rocketing of September and October. But the Mujaheddin attacks have continued.

Some 20 to 25 projectiles (whether mortars or rockets was unclear) fell on the Wazir Akbar Khan and Micro-rayon districts where most of the Afghan party officials and their Russian "advisers" live on November 2's. Three landed near *the Khad (secret police)* building on the road to the airport and three hit the Radio Afghanistan compound. One hit the Iraqi embassy and another destroyed the ground floor of a Japanese diplomat's house—he escaped injury upstairs although all the glass in his bedroom was blown out. Another projectile landed next to the house of the French Vice-Consul sending large chunks of shrapnel into the building, and the house of a Bulgarian diplomat was also hit.

Even the local media admitted that something had happened — attacks are not normally reported—and Kabul Radio claimed that four people had been killed and 17 injured.

Two nights later there was a further major attack with projectiles fired from east of the city even before the curfew had started at 10 pm. At least one hit the presidential palace complex; screams were heard and two ambulances were seen to arrive. Two rockets also landed in an Afghan military compound in Wazir Akbar Khan, scattering the soldiers, and an*other landed just outside.* The house of a French teacher who had left on vacation two days before was hit and badly damaged.

At about 11 pm on November 29 several rockets were fired at the Intercontinental Hotel on the western outskirts of the city, where foreign delegations were staying for a conference of the Afro-Asian Peace and Solidarity Organisation.

During the day, the security situation has remained relatively calm, although there is sometimes heavy firing, for instance, during a snowfall recently when there was no air cover. The bazaars remain busy and the Russians are out in force *shopping* in Chicken Street, although there is always a patrol with Kalashnikovs to protect them and many of the men carry pistols. At 6 pm on December 3 a bomb exploded in central Kabul near the Khyber restaurant which is frequented by Khad agents. Shop windows were shattered, but it is not clear if there were any casualties. A Khad jeep was also attacked on December 1 in the Kheir Khana suburb to the north. Russian soldiers with *steel* helmets and flak jackets are now usually posted at the western perimeter of the Soviet military hospital and also at the main crossroads by the Turkish embassy, which is close to one of the Khad buildings.

The Russians are clearly taking no chances. All their helicopters and transport planes now use diversionary flares when landing and taking off in *order to distract* heat-seeking missiles. On November 28 at 4 pm a helicopter came down in flames just east of the airport and a second helicopter with several soldiers on board is reported to have exploded three days earlier either as it was taking off or landing. Several new posts have been built on the low hills surrounding the airport and three Katyusha rocket launchers have been clearly visible at the northern end of the runway. There has been considerable use of rocket launchers recently both during the day and at night. New bunkers have also been dug on the reverse slopes of the mountains surrounding Kabul, no doubt as part of the three defensive rings which Eastern bloc diplomats claim are being installed.

"Zaman Kharab Ast"—times are bad—is the favourite expression of the Afghan residents of the city, particularly those with sons of military age, which now extends officially from 18 to 39. Press gangs roam the bazaars and graduating high school boys have been exhorted into mass drafts into the army. Although the food supply remains reasonable except for sugar, electricity *shortages have recurred* especially after reported fighting at the Sarobi hydroelectric station on December 1, which apparently downed two pylons. We have had 62 cuts so far this quarter, compared with 19 in the July-September quarter.

Street lighting has not functioned since the downing of pylons in September when Gholam Hassan Khan, a tribal leader engaged by the DRA to protect power lines, fled to Pakistan. This applies even to the roads leading to the Soviet Embassy and the military posts on the surrounding hills. The town looks dead by 7 pm. Although many small generators are being used, the *lights* frequently go off even in important buildings. Workshops and industrial units are badly affected and the distribution of fuel is also causing problems. Without light and heat even the make-believe world of Afghan TV is unobtainable.

Outside Kabul, the Mujaheddin also remain very active. A bomb exploded recently in Mazar-I-Sharif, reportedly killing 150 people in a caravanserai. There have been attacks on government buildings in Herat and numerous incidents in Kandahar. Soviet convoys have been attacked on the road west of Herat and near Ghazni. In the latter incident three armoured vehicles and three trucks were damaged or destroyed and there were 22 casualties among the Soviet DRA forces. Two Mujaheddin were killed and one wounded. The vital Salang road to the north was closed on December *4 as a result of heavy fighting* and an eyewitness recently saw some 25 vehicles burning at Qalaye Wolang north of the tunnel, just past a Soviet post. Most of them were petrol tankers.

These incidents concern the cities and main roads, on which the Russians have hitherto concentrated their forces. In the countryside heavy fighting has been going on during the last month or so in Kunar province opposite Chitral, especially at Barikot where a regime garrison has been tied down by *the Mujaheddin; and sounds of* heavy fighting in Shomali (the area to the north of Kabul) could be heard in the capital on the morning of November 27. The results are desolation and destruction. For instance at the ex-King's farm on the Salang road 10 km north of Kabul all the upper branches of the trees have been shot away. The Mujaheddin have definitely moved closer into the city in the past year. A Japanese diplomat and his car were hijacked by the resistance only a mile to the south-west of the city in June and there has been no more swimming or boating on the Khargha lake 15 km to the west of the city. There also appears to be more co-ordination among the Mujaheddin.

Babrak Karmal claimed in a speech to party activists on April 3 that "this year must be the year of determining the destiny of the forces of the enemies and counter-revolutionaries." But it is clear that in 1984 Big Brother did not have it all his own way. In particular, the Afghan armed forces have not been up to the task set by Karmal. Defections remain rife and information, even at the top level, is passed *to the Mujaheddin as was the* case before the seventh offensive in the Panjshir.

This offensive followed a visit by Marshal Sokolov, the senior Soviet general in Moscow dealing with Afghanistan. Following a further visit by Marshal Sokolov in November, the Afghan Minister of Defence was replaced.

There have recently been rumours that a new Ministry of Security is to be set up combining both Khad and the ordinary police, under the control of Khad's director, Dr Najib-Ullah, who has all the makings of a future Soviet strongman. He recently told an Indian journalist that only 35 per cent of Afghan territory was *under the control of the regime.* Quite an admission from such a senior source, since visiting correspondents are usually told that all is quite normal.

How Mr Bailey saw off a boarding party

By Jeremy Stone

IT IS not every company which holds its annual general meeting in the Cardiff docklands on New Year's Eve. Nor does the average meeting ramble on for nearly five hours, punctuated by disputes over the counting of proxies and volleys of personal abuse. But C. H. Bailey — historically best known as a ship-repairer — is in many ways an unusual company, and its share register has recently gathered a variety of energetic *and colourful dissidents.*

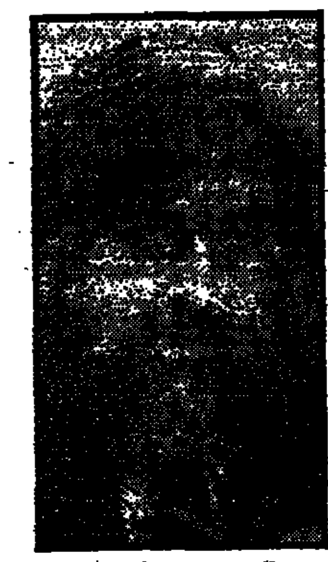
Some of them believe that Bailey's balance sheet is "an Aladdin's cave" of undervalued assets. Others claim that they could make a fortune operating Bailey's repair yards in the Bristol Channel. Invaders of both types have been asking for representation in Bailey's boardroom.

Anyone grappling for control of C. H. Bailey, or even seeking to influence its management, starts with the cards stacked against him. Bailey is one of a handful of listed companies to retain an archaic two-tiered capital structure. The "B" class ordinary shares of which the Bailey family holds the majority carry 100 votes apiece, giving 47 per cent of the votes to 8 *per cent of the* shares. So an assault on this company, and on the personal position of its chairman Christopher Bailey — grandson of the C. H. Bailey who founded it 100 years ago — is about as likely to succeed as Trusthouse Forte's prolonged siege of the Savoy Hotel.

Without this structure, Bailey's unhappy trading record during the shipping slump of the last five years might well have exposed it to a takeover bid. The *company's accounts* show that it has consistently found bankable profits hard to come by. They have proved as elusive in Bailey's Tanzanian game reserve and its Maltese hotel as in the depressed Welsh shipyards.

Bailey and its quoted subsidiary Bristol Channel Ship Repairers, have been among the stock market's most lowly rated shares; neither has paid a dividend since 1980. But in spite of its trading record, Bailey has been changing financial shape in a way that speculators in penny shares find irresistible.

Barely a year ago it was possible to pick up the "B" shares for around 15p; this week they have been changing hands at *£1. And although the net assets* in Bailey's latest balance sheet —drawn up last March— amount to slightly less than £17m, the distinctly speculative market value of the company this week was £2m or so more than that.



Mr Christopher Bailey

More than anything, the market has caught the scent of liquid assets. What was once a ship-repair business with a clean balance sheet has become more like an investment trust *with some low-key exposure* to ship-repair thrown in. Capital spending in the dockyards is only a memory; indeed Bailey seems to have been progressively turning its fixed capital into cash. In 1978 the balance sheet showed investments equivalent to just over 2 per cent of its fixed assets. By last March, quoted investments alone were worth £8.5m, more than half of shareholders' funds.

To a casual eye, Bailey was at that stage well on the way to becoming a *classic shell* company — full of cash, still undervalued, and with the useful but intangible bonus of two stock market listings. It also boasted the world's largest floating dock —moored off Hawaii and up for sale. If it had not been for the protection of its peculiar voting structure, Bailey would have been ripe for old-style asset strippers to close in.

The ambitions that Bailey's new shareholders actually profess are, of course, quite different. At the stormy meeting in Cardiff last Monday, Mr Raymond Raymond — an Essex house builder who has over 6 per cent of the equity — was to be heard saying that the company should be putting more *money into its yards.* "You are not a finance house," he told Mr Bailey. "You are a ship-repairing hotel runner."

Mr Christopher Bailey has always been a controversial figure. Mr Tony Benn, for one, may remember Mr Bailey's black beard and his successful campaign 10 years ago against the wholesale nationalisation of ship-repairing. Mr James Callaghan no doubt remembers Mr Bailey's part in the 1979 General Election, when he disqualified himself as Liberal candidate in Cardiff, giving the Conservative a free run; the Liberals expelled Mr Bailey and *his local* party branch. At the Stock Exchange, Bailey is known as a company which has persistently breached the listing agreement by failing to issue interim accounts.

At Monday's meeting Mr Bailey cut an impressive figure as chairman, even if events sometimes threatened to get out of hand—as when Mr Raymond stood on a chair to recount his successes as a chairman of a private company, North East Essex Builders.

But *the dissidents* were not always satisfied with the answers to their questions. Denied details of Bailey's blocked Tanzanian bank account and the valuation of its fleet of luxury yachts, Mr Raymond was less than mollified to hear about the Chinese railway from Dar-es-Salaam to Kampala: "It's amazing. You seem to know the exact number of Chinamen, and the number of hippos they ate, but when it comes to the accounts, nothing," he told Mr *Bailey, amid general laughter.*

As a shaggy-dog story, the tale of C. H. Bailey may never have a tidy conclusion. Mr Bailey has beaten off his assailants, and may be able to keep them indefinitely at bay. He is unlikely to follow their advice to fill his shipyards with work at what he considers unacceptable margins: "I've seen too many companies go bust getting sales by cutting the price," he said later this week. And he is loth to expand his shiprepairing business even in anticipation of an upturn. "Every set of accounts should state the contingent cost of closing down," he says. "The fewer men you employ, the safer you are."

The boarding party will be extraordinarily lucky if it is able to cash in its theoretical profits by making—or provoking, even from Mr Bailey—a successful bid for the company. Yet in a narrow market for the shares, particularly the "B" shares, it could be a tricky matter to get money out in any other way.

Weekend Brief

A captain and a king

IT IS difficult to become an adopted Lancastrian, but Clive Hubert Lloyd, the master batsman from Guyana has made it. As he gave up his captaincy of what is arguably the greatest national team cricket has ever known, his fans in his county club were queuing up to say nice things about him.

The reason for the euphoria in Manchester is that though Lloyd is giving up his West Indian leadership, he has said he will turn out for Lancashire next season. So there are no flags flying at half mast at Old Trafford.

But in contrast with the emotional scenes at the end of the Fifth Test in Sydney this week, no captain has bowed out after an innings defeat in a Test more gracefully. Even the Australia Press, no friends of *opposing national teams,* dipped their pens in honey to record the passing of a great captain. The captains and the kings depart, but Lloyd was something rather special.

But moving from sentimentality to statistics, he is among the select few — including Geoffrey Boycott, Colin Cowdrey and Sunil Gavaskar—to have played more than 100 Test matches, the last 74 as West Indies captain, although he was a less prolific run-getter than Gavaskar and Bradman.

What made him one of the great captains? He was able to read a game down to the last ball, his placing of fielders was perfection and his control of players could never be faulted.

And he was a master of the politics of the game, from backroom battles to bringing wisdom to incidents in the crowds that sometimes rivalled League soccer for hooliganism.

He adapted himself to his own advancing years. So in the field he moved from cover to slips—the legs may have weakened but the reflexes remained razor sharp. No wonder they called him the Big Cat and Paddington Bear, a tribute to a combination of stealth and power.

Clive Lloyd

There was a time in 1973 when Lloyd almost gave it all up. He was left out of games against the Australians. A year later he fought back from a back injury to start his unbeatable run.

One of Lloyd's friends is Philp Ettinger, who also manages some of his business affairs. "As a captain, I don't think he was a taskmaster, but if anything went wrong with the discipline of the team he could make his views well known."

He has shown some signs of human fallibility. The experts say he should not have batted on the last day of the Fourth Test and he should have included a spin bowler in that disastrous Fifth. And of course, he did not always win the toss.

Ettinger said yesterday: "I can't see him leaving Lancashire at the moment. I know there has been talk of him going into West Indian politics, but we shall have to wait and see."

Lloyd has strong views on the politics of the game. He turned down an offer, reported as in the region of £200,000 to tour South Africa at the time Boycott, Gooch and Company went out there.

Of his personal political plans, Lloyd seems to be playing backward defensive strokes. He admits he is attracted to a political career in the West Indies. "Whether you like it or not, as captain of a cricket team you're involved in politics somewhere or other. I'll think about it, and if I can do a decent job, I'll do it."

Another friend in Manchester said: "I can't see him leaving Lancashire at the moment." So for at least another year he will be back with his *wife and family*—his interests outside cricket are music, reading, squash and the theatre. At the Old Trafford they were saying: "They'll have to drag him away from Lancashire screaming."

Back to Australia. The Sydney Morning Herald's Warren Ryan said it all in his column: "Leading one of the finest cricket machines of all time will fade, but his personal deeds will shine brightly in cricket's history books forever."

Festival's new look

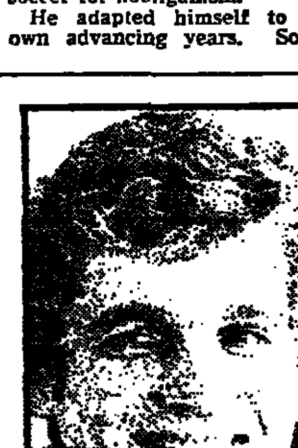
THE Royal Festival Hall will be crammed to capacity this afternoon when the emerging star of the ballet world—15-year-old American Katherine Healey dances the leading role of Clara in the London Festival Ballet's *Nutcracker production.*

Miss Healey, winner of a gold medal at the prestigious international ballet competition in Varna last year, still has to commute from school in the U.S. and will be unable to join the company full-time as a principal dancer until she is 17. But her decision to join the ailing Festival Ballet rather than any of the other major international companies seeking her talents is the company's second artistic coup in recent *months.*

The first indication of the new life being breathed into the company—its financial deficit rose to almost £200,000 in its last financial year—came last month when Natalia Makarova joined *the company* as an associate principal dancer.

Miss Makarova was the West End musical star of 1984 in *On Your Toes* and her decision to link up with the Festival Ballet came as a surprise in both the *theatrical* and ballet worlds.

Makarova and Healey's decision to throw in their lot with the Festival Ballet is due to the remarkable persuasive talents of one man—Peter Schaufuss.



Peter Schaufuss

Schaufuss, 35, is one the and recently hosted the BBC television series examining the role of male dancers. His own decision last autumn to give up a career of international jet-setting between different ballet companies and settle down with the rather more prosaic Festival Ballet was a major surprise.

Schaufuss, who started his career with the Royal Danish Ballet, was lured to the top job with the Festival by new chairman Sir Ian Hunter with the express aim of pepping up the company's repertory and performances.

In recent seasons, the Festival Ballet—founded in 1950 and taking its name from the Festival of Britain—has been hit by poor box office receipts, been due to a drop in attendances rather than any rise in expenditure," explains finance director Peter Morris. "Our prime object is to get the box office income up again."

Over the past year, the company was badly hit by lack of popular support for its new production of John Cranko's *Onegin.*

"It is a sad fact that, despite universally favourable reviews which, had it been a drama or musical would surely have turned it into a long-running hit, it has still failed to draw large audiences," says Sir Ian.

Schaufuss, in a few short months, has both attracted such box office bankers as Makarova and Healey and announced plans for several new ballets without adding to the company's costs (mainly by keeping the number of dancers to a minimum). Last November, Schaufuss premiered Alvin Ailey's *Night Creatures,* the first work in any British repertory by this American choreographer who puts a healthy dash of Broadway theatricality into his dances.

This year, Schaufuss plans to present eight new productions, including a new *Coppelia* sponsored by Barclays Bank, and two revivals. One of these is Sir Frederick Ashton's full length ballet *Romeo and Juliet.*

But Schaufuss's eventual success does not lie entirely within his control or that of Festival's dancers. There are fears about the imminent abolition of the Greater London Council which has consistently helped the Festival Ballet out

Adequate alternative funding is supposed to be made available by the Government once the GLC goes but it is difficult to see Whitehall bureaucrats giving so much extra support to what could well become a real artistic alternative to the well-funded Covent Garden companies in the next few years.

Just the ticket

BOOKING a seat at a West End theatre can often pose more problems than making an appointment with the dentist.

Initial hurdles include getting somebody in the box office to answer the telephone. Closer to the finishing line, ticket in hand, the punter may have to abandon the car on a double yellow line.

But new players are emerging to prevent this unnecessary drama. Several London theatres, including the Old Vic, have introduced in-house computer-based ticketing systems while one organisation, Ticketmaster UK, sells tickets for 40 London venues through a central computerised booking office.

"Problems involved in getting tickets at some theatres are not caused by bad staff or bad management," says Jules Boardman, managing director of Ticketmaster. "Without the benefit of automation ticketing can be a pain. Some manual box offices are little more than broom cupboards."

more than a computer company. "We are a marketing company," says Boardman. "We are utilising something developed in the U.S. and adapted to our needs here which will give a more audience-related system. Theatre cannot hide from its obligation today to provide a better service for what is increasingly becoming a marginal luxury."

It began by installing computerised box offices, with theatres renting visual display units which provide instant seating information and printers issuing tickets.

Eight theatres, including the Wyndham group of theatres, now have this type of installation. A year ago, Ticketmaster decided to open a central booking room and asked other theatres to give it ticket allocations. Forty venues responded. Ticketmaster charges no commission to the customer in most cases.

A quick telephone call to the central booking office — can secure more than a ticket. A car parking place at one of central London's NCP car parks is also on offer—and Ticketmaster is investigating offers of a restaurant booking service.

W. H. Smith, the newsagent, has installed six Ticketmaster terminals into outlets in South East and West London and can offer travel information and British Rail tickets.

Contributors:
Alan Forrest
David Churchill
Lisa Wood

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	6.75	7.75	8.00	Seven-day account
			8.50	Higher interest acc. 90 days' notice or charge
			5.50-8.00	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	6.75	7.75	8.00	7 days' notice. Imm. wdl. if balance £2,500+ Int. pd. ½-yrly., mthly, inc. optn. if bal. £1,000+
			8.50	Bank Save. Bal. of £2,500. Current account
Anglia	6.75	7.75	8.50	3-year bond. No notice, 3 months' penalty
			8.50	Capital share. No notice. 1 month's penalty
			8.00	7 days' notice. No interest penalty
Barnsley	7.75	9.50	9.65	Special Inv. 9.85 2 years, 9.65 monthly income
Birmingham and Bridgwater	6.65	7.70	8.05	5 days' not. or 20 days' int. pen. for imm. wdl.
			8.75	90 ds. shrs., 90 ds. nt. or 90 ds. pen. for im. wdl.
Bradford and Bingley	6.75	7.75	8.25	Premium Access. On demand, no penalty
			8.50	Extra Interest—1 mth.'s notice or 28-day pen.
			8.25	Extra Income—1 mth.'s notice or 28-day pen.
Britannia	6.75	7.75	8.30	7 days' notice. 8.55 28 days' notice
Cardiff	8.10	8.20	8.60	90-day notice. Penalty if balance under £10,000
Catholic	7.00	8.00	8.50	Extra share monthly income. 30-day notice
Century (Edinburgh)	8.85	—	9.30	Permanent 2/3 years or variable
Chelsea	6.75	7.75	8.90	3 years, immediate withdrawal interest penalty
Cheltenham and Gloucester	—	7.75	—	Gold. No notice. No pen. Under £1,000, 6.75; Over, 8.25; £5,000+, 8.57 when mthly. int. added
Citizens Regency	7.00	8.00	8.40	7 days. 8.50 one month. 8.75 three months
City of London (The)	7.00	7.75	8.75	3 months'-notice—no penalty—monthly income
			8.45	21 days' not. im. access for amnts. over £10,000
Coventry	6.75	8.00	9.00	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. MoneyMaker inst. acc. no pen. 8.60 £20,000+, 8.35 £5,000+, 8.00 £1,000+ monthly inc. opt.
Derbyshire	6.75	8.00	8.75	2 y., 3 m. not. with pen. 8.00 no nt./pn. m. inc.
Gateway	6.75	7.75	8.10	Gold Star £1,000+. No notice. No penalties. Monthly int. £5,000+ 8.41 if added to account
Greenwich	6.75	—	8.75	*90-day a/c (7-day a/c 8.00-8.50 subject to bal.)*
Guardian	7.00	—	9.10	6 months, 8.85 3 months, £1,000 minimum
Halifax	6.75	7.75	8.00	7-day Xtra, 7 days' notice, no penalty
			8.25	28-day Xtra, 28 days' notice, no penalty
			8.50	90-day Xtra, 90 days' notice, no penalty
Heart of England	6.75	8.00	8.50	90-day notice, 8.00 5-day notice
Hemel Hempstead	6.75	8.25	9.25	90 days; 8.50, 28 days; 8.75, 60 days
Hendon	8.00	—	8.75	7-d. a/c min. £500. 9.25 3 mths. a/c min. £1,000
Lambeth	*6.90*	*8.00*	8.30	7-d. a/c, 9.00 Magnum a/c 6 wks. & *loss of int.*
Leamington Spa	6.85	—	8.60	Spa mthly. Income; no not., no pen. £5,000 min.
			8.50	Lion sh.; 1 m. not. or 28 days' pen. £1,000 min.
			9.15	Supershare; no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	6.65	8.50	8.26	Mnthly int.; 8.50 28 days' not. or pen. neither if £10,000 still in account
Leeds Permanent	6.75	7.75	8.00	Liquid Gold no not. no pen. HRAS 8.5 3m. not.
Leicester	6.75	7.75	8.00	£500+ im. ac. no pen. 8.95 comp. 3 y. £2,000+
London Permanent	7.25	—	9.25	90 d. *not. or imm.* wdl. *no pen. if bal. £10,000+*
Midshires	6.75	8.25	8.75	2-year term 2.00 diff. guar. 3 mths.' not. or pen.
Mornington	*8.30	7.80	8.50	£2K+, 8.65 £10K+, 8.80 £20K+. * £2,000—
National Counties	†7.05	8.05	9.00	90 days' notice, no penalty. †£1,000+
National and Provincial	6.75	7.75	8.75	HYS (share + 2% guaranteed 3 years)
			8.50	90 days' notice/pen. unless bal. stays £10,000+
			8.25	28 days' not., 8.00 7 days' not./penalty as above
Nationwide	6.75	7.75	8.50	Capital bonds, 3 yrs., 90 days' notice/penalty
			8.50	*Bonus-90, 90 days' notice/penalty*
			8.25	Super bonus, 28 days' notice/penalty
			8.00	Bonus-7, 7 days' notice/penalty
Newcastle	6.75	8.00	8.50	90 days' notice, 8.25 28 days' notice
			7.75	7 days' notice. On demand with penalty
			9.00	2-year term access with penalty
Northern Rock	6.75	8.00	8.10	Moneyspinner plus £500 or over
			8.35	(£5,000-£19,999); 8.60 (£20,000 and over) 7 days' *notice withdrawal,* no penalty
Norwich	6.75	8.00	8.50	New City Account. Im. wdl, no pen.
Peckham	7.50	—	8.00	7 d's not. 9.00% im. wdl. if over £2,000. Mon inc
Peterborough	6.75	8.05	8.75	Flexi-Plus 60 days' notice monthly income
Portman	6.75	8.25	8.50	No notice, 8.75 2 months' notice
Portsmouth	6.90	8.40	9.05	3 years, 8.85 90 days, 8.60 30 days
Property Owners	7.25	8.75	9.00	3 mths., 8.60 28 d., 8.75 6 mths. Effective Dec 1
Scarborough	6.75	8.00	8.75	2-year limited share, 1.75 guaranteed differentl.
Skipton	6.75	8.00	8.60	Sovereign £10,000+, 8.30 £500-£9,999. Monthly Inc. 8.30, min. inv. £2,500. Inst. access no pen.
Stroud	7.75	9.00	8.55	3 months, 8.30 £10,000+, no penalty, no notice
Sussex County	6.75	8.40	8.10	7 days' not.; 8.3% sx ac; 8% share a/c £2,500+
Sussex Mutual	7.25	8.75	8.50	Over £5,000 imm. wdl. Under £5,000 7 days' not.
Thrift	7.60	—	8.60	3-year term. Other accounts available.
Town and Country	6.75	7.75	8.75	90 d. not. or pen. No not./pen. if bal. £10,000+
			8.25	*7 d. not.* or pen. No not./pen. if bal. £10,000+
Wessex	8.80	—	—	No notice—no penalties—min. inv. £1
Woolwich	6.75	—	8.00	7-day account, 7 days' notice
			8.25	Monthly Income Account, 28 days' notice
			8.50	90-day account, 90 days' notice/penalty
Yorkshire	6.75	7.75	8.50	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK COMPANY NEWS

Growth continues for Checkpoint Europe

PRE-TAX profits of Checkpoint Europe, the security group, have picked up from £104,000 to £129,000 in the half year ended September 30 1984, and in the current period progress is continuing.

Mr William Nathan, the chairman, says the company's growth rate "continues to exceed that of its competitors" and his confidence in the future" is stronger than ever." Steps have been taken to mitigate any future adverse effects of a strong dollar against the Swiss franc, and £102,000 profit on sales through the French subsidiary has been deferred to the second half.

The company is registered in Jersey, and specialises in the distribution of Electronic Article Surveillance systems under licence from Checkpoint Systems of the U.S. These are designed to prevent pilfering from libraries and retail outlets by "tagging" articles so that they can be detected at checkpoint if not already removed, and more recently it has acquired certain distribution rights for the Tocabi small safe. Its shares were introduced to the Unlisted Securities Market last October.

Sales in the half-year rose from £1.56m to £2.29m. The deliberate policy of maximising sales has been aimed at increasing future potential against strong, determined competition.

Expenses have increased because of the establishment of "a much needed" commercial advertising programme at a cost of £27,000, and initial expenses of £75,000 on the Tocabi project.

There was again heavy cost increases occasioned by the strength of the dollar against the Swiss franc, but in future this will be mitigated by the production of hard security tages in Switzerland as from October.

Mr Nathan says interest in Tocabi safes continues to mount and firm orders have been received for 490 units with a sales value of more than £85,000. Quotations to potential customers exceed £500,000 and the chairman is confident that a high pro portion wil be turned into firm orders.

He believes that substantial profits will be generated from this "valuable franchise."

After tax £31,000 (credit £9,000) and exceptional debits £84,000 (£39,000), the net balance for the half year is £14,000 (£74,000). Earnings are shown at 2.45p (2.8p) per share. Exceptional debits comprise expenses of USM introduction £32,000 (placing expenses £2,000), depreciation of goodwill in respect of distribution rights £37,000 (£36,000), and depreciation of goodwill on consolidation £15,000 (nil).

The strength of the dollar against the Swiss franc added materially to the cost of buying tags and equipment in the year ended March 31, 1984 and, with heavy investment in anticipation of high sales volume, had the effect of reducing the pre-tax profit from £701,000 to £228,000, on increased sales.

Mr Nathan says new supermarket and hypermarket customers on the Continent include Pryca in Spain, Waro in Switzerland, Edeka in Germany, and Carrefour, Codec and Cora in France. In the UK the new sales team has already received positive reactions from major department and superstore groups.

The company's own development of a fibre optic system with a six foot gangway, capable of detecting the small adhesive label, is proving a success with encouraging first orders from major department stores.

Mr Nathan refers to the statement of a month ago that talks were on that could lead to an offer being made for the company, and tells shareholders to take no action until a further announcement is made.

● comment

These results underline the force of the arguments against Checkpoint Europe's continued independence, thrown into question by the recent emergence of a potential bidder, widely believed to be its main supplier, Checkpoint Systems of the U.S. While taxable profits have grown by a respectable 24 per cent, gross margins have slipped by around a point to 5.6 per cent, reflecting the problems of distributing in Europe a product priced in appreciating dollars. Moreover, price pressures have been intense even in local currency terms as the five major protagonists in the security tag industry have struggled to gain a foothold with the big supermarket chains. Heavy advertising spending, free one-year trials and costly promotions are the tactics which Checkpoint Europe has had to match, and its hand would be significantly strengthened by the backing of a larger company. Moreover, a merger would do wonders for margins by removing one link from the distribution chain. Supported by bid hopes, the shares gained 10p to 210p, 37.8 times historic earnings — an expensive conundrum for Checkpoint Systems to consider.

W. Boulton boardroom changes as loss mounts

William Boulton, the engineering group, yesterday reported pre-tax losses for the fourth year running and the appointment of a new chairman and a chief executive who specialise in the management of problem companies.

The new chairman is Mr John Briggs, a "professional chairmen" heading several other companies, including Sangers Group, AI Industrial Products and Wheway Watson. The new chief executive is Mr Brian Flinn, who has the same post at Sangers and Wheway Watson.

Mr Briggs replaces Mr Denis Fahey, who has retired as chairman of Boulton after 36 years with the company, while Mr Flinn's position is a new one.

In the year to June 30, 1984, Boulton incurred a pre-tax loss of £1.33m (£787,000), on turnover of £22.8m (£24.9m), after charging exceptional costs of £575,000 (£314,000). Extraordinary expenditure totalled £964,000 (£389,000). Losses per ordinary share were 3.2p (1.5p) and no dividend (0.1p) is being paid.

Mr Briggs said yesterday that the company had already been carrying out some necessary cutbacks and this process would continue.

He said that he and Mr Flinn were able to head several companies simultaneously because, while retaining total command, they always had managing directors who ran the businesses on a day-to-day basis.

The two took over at Sangers two years ago and the company showed a return to profit in the first six months of 1984 after several years of losses.

Albion gains momentum at trading level

SATISFACTORY results have been achieved by Albion, the Northern Ireland manufacturer of men's and boys' outerwear, in the year ended September 30 1984, but the directors wish to continue strengthening the balance sheet before recommending a return to the dividend list.

Following on from the return to trading profits in 1982-83 with £81,000, the latest year has produced a figure of £252,000, from a turnover of £6.12m (£6.77m). But with government revenue grants being cut from £400,000 to £161,000, the pre-tax profit for 1983-84 shows a reduction of £68,000 to £413,000.

The last dividend payment was in respect of 1979-80, when there was an interim only of 0.6p net.

Amax £170m write-down in fourth quarter

Fourth quarter 1984 results of Amax, the diversified U.S. natural resources group, will be burdened by a writing-down of $195m (£170m) in the carrying value of the company's agricultural chemicals business. This reflects the continuing depressed prices for phosphate and potash.

At September 30 the net carrying value of this aspect of Amex's activities was $303m which included $94m for the Pine Valley phosphate prospect and a further $94m for the Big Four phosphate mine, which suspended operations in October last year.

After taking in exceptional items, Amax made net earnings of $3.1m in the third quarter of 1984. This brought the total for the first nine months of the year to $21.1m, or 7 cents per share. This compared with a loss of $122m in the same period of 1983 when the result for the full year was a loss of $489m following fourth-quarter write-offs of $308.8m.

Kleinwort Gilt

Net revenue of the Kleinwort Benson Gilt Fund rose from £1.09m to £1.44m over the period April 4 1984 to end-December 1984. Net asset value per participating share at December 31 amounted to £11.32 (£11.9 at April 4 1984). Third interim dividend 31.4p (29.8p) gross, making 89.88p (91.15p) to date.

Shires makes £2.9m rights

Shires Investment, an income-seeking investment trust managedb y Stanecastle Assets, is raising £2.88m through a rights issue of convertible loan stock at a 10 per cent premium to par value.

Shires is rare among investment trusts in that its shares trade at a premium to net asset value. Yesterday, the share price fell 3p to 224p compared with net assets at December 28 of 199p per share.

In the rights issue, which is being handled by Laing & Cruickshank and is not being underwritten, it is issuing £2.69m of 11 per cent convertible unsecured loan stock 2003/2004 at £110 per £100 of stock on the basis of £10 nominal plus one warrant for every 16 shares or every 16 warrants held.

The stock will be convertible every year from 1988 at one ordinary share for every £2 nominal. Each new warrant, like the existing warrants, entitles the holder to subscribe for one ordinary share at 182p from 1985 to 1993.

The issue will immediately increase the trust's net asset value by 3.8p per share.

Mr William Forsyth, a director of Shires and Stanecastle, said the issue would offer shareholders an attractive income, and at the same time would take advantage of the shares' premium to enhance assets per share. If it had issued new shares, both earnings and assets would have been diluted.

Shires, which has a £7m portfolio, specialises in high-yielding UK equities and has a gross historic yield of 7.6 per cent and a prospective yield of 8.2 per cent.

Comfort recommends 'realistic' Ladbroke offer

Comfort Hotels, the group built up by Mr Henry Edwards, yesterday recommended that its shareholders accept the £71m takeover bid launched on December 11 by Ladbroke Group.

"Although your board does not believe that the offer from Ladbroke fully reflects Comfort's excellent growth prospects, your board and its financial advisers, Kleinwort Benson, consider the terms of the offer to be realistic," Comfort said.

In the absence of a higher offer and in the light of assurances given by Ladbroke regarding the management and staff of Comfort, the Comfort board advised acceptance.

The directors, who together have a beneficial stake of 13.5 per cent, intend to accept in respect of their holdings. Ladbroke already has a holding of 16.2 per cent in Comfort.

The Comfort board said it was disappointed that its own plans to acquire Prince of Wales Hotels and thereby establish a link with Quality Inns of the U.S., would not go through.

Ladbroke is offering five of its own shares for every 14 Comfort with a partly underwritten cash alternative worth 85p per share. The cash alternative will not be extended beyond January 11 if the offer has gone unconditional at that date.

At Ladbroke's closing price of 256p yesterday the offer values Comfort's shares at 91.4p, just above Comfort's close of 87p.

New business decline at General Accident Life

General Accident Life Assurance, formerly Yorkshire-General Life Assurance, reports a fall in its new life and pensions business last year compared with the record sales in 1983.

New annual premiums fell 12 per cent from £27.4m to £24.1m, while single premiums declined 3.5 per cent from £17.3m to £16.8m.

The company's drop in annual premium business came mainly from a decline in mortgage-related business and other savings plans. The ending of Life Assurance Premium Relief in last year's Budget affected these sales, while much of 1983's mortgage-related sales came from once-off conversion business arising from the introduction of MIRAS.

Term assurance premiums rose 16 per cent despite the loss of LAPR, but the company expected greater growth.

The decline in life business was offset by a rise in pensions business with self-employed pensions annual premiums up 60 per cent to £4.5m and executive pensions up 30 per cent to around £1.5m.

The drop in single premium business came from lower annuity sales and a decline in group pensions business. Sales of self-employed single premiums were 30 per cent up to £5.5m.

The company is launching its unit-linked life and pensions operations later this month.

Good year for Phoenix

Phoenix Assurance, now part of the Sun Alliance Group, reports a good year on its worldwide life and pensions business with new annual premiums up nearly 20 per cent from £32.4m to £38.8m, and single premiums up 15 per cent from £52.1m to £60.1m.

The company's UK business was in general good in 1984, with new annual premiums for the main company business rising 8 per cent to £8.1m despite the ending of LAPR. Group life and pensions annual premiums were particularly buoyant advancing over 40 per cent from £8.2m to £11.6m.

The unit linked subsidiary, Property Growth Assurance, saw its annual premium business hit by the loss of LAPR, and declined nearly 5 per cent to £8.7m (£9.1m). Its single premium business, however, moved ahead more than 50 per cent to £46.6m, against £30m.

On its overseas business, Phoenix saw new annual premiums improve nearly 40 per cent from £7.4m to £10.3m, but single premium business decreased to £7.2m (£17.2m).

N. Court Resources sees initial response from Avant oil field

New Court Natural Resources returned taxable profits of £779,000, against £826,000, for the six months to end-September 30, 1984.

Sales of oil and gas during the period increased in sterling terms by 20 per cent to £2.2m. The rise resulted from a combination of higher volume production, particularly from the Avant field, reduced by slightly lower product prices with a more favourable dollar/sterling exchange rate contributing about 14 per cent of the increase.

Operating expenses rose from £645,000 to £695,000, reflecting the continuing impact associated with the development of Avant in northern Oklahoma without the full benefit of a commensurate increase in revenue, says Mr David Hayllar, chairman. He adds that these additional costs are estimated at about £300,000 (£200,000).

With regard to Avant, Mr Hayllar says that an initial positive response was seen during the period, indicating that production was beneficially affected by the water injection programme. And since September 30 there has been a "modest but welcome" increase in oil production.

Mr Hayllar says that if this pattern persists in the first few months of 1985 it will confirm a response from the waterflood programme. "We shall then be able to proceed to plan the next phase to enlarge the area subject to the waterflood and aim to have these facilities in place hopefully before the end of 1985," he says.

The company does not pay interim dividends. Earnings per share for the first half amounted to 1.84p (1.95p), after a £167,000 (£177,000) tax charge.

● comment

There is always a suspicion that small UK oil production and exploration companies operating in the U.S. will be one step behind their American rivals in getting the best deals. In the case of New Court Natural Resources this danger is compounded by the fact that it relies on outside consultants for its geological work. The company is apparently doing well with its major asset—the Avant field on North Oklahoma, where a waterflood scheme (which drives more oil to the surface by pumping water underground- seems to be successful, though the results have yet to be confirmed. But New Court's first big attempt to use the Avant cash flow elsewhere — exploiting the nearby Sooner trend in a joint venture —has been a disappointment, and other projects, notably the stake in the Falcon Andrau Energy drilling programme, are still in their early stages. However, shareholders can afford to be more patient than with other similar ventures given the exceptionally high yield for a small oil company—5 per cent assuming a reasonable 15 per cent dividend increase this year. The shares closed unchanged at 51p.

BIDS AND DEALS IN BRIEF

In our issue of January 4, words were dropped from an item about the appointment of Mr Simon Watson, managing director of YELVERTON INVESTMENTS, as chairman of Southend Stadium. The final paragraph should have read: "When Gulf Trust quickly sold its stake (in Yelverton), Mr Watson stayed on at Yelverton and resigned from Gulf Trust, of which he had headed the London subsidiary. Clabir Corp., a U.S. holding company which fosters growing companies, then bought the 20 per cent stake in Yelverton and assumed management control."

* * *

Agreement has been reached concerning a proposal to be made by Grovebell Group for the outstanding warrants of Atlanta Investment Trust.

Grovebell will—subject to the passing of an extraordinary resolution by the warrant holders at a special meeting to be convened for the purpose of cancelling the rights of the warrants—pay 45p in cash for each outstanding warrant in Atlanta. Grovebell will provide the cash consideration out of its own resources.

The Atlanta board has invited Mr V. Advani, the chairman and joint managing director of Grovebell, to join the board of Atlanta with effect from January 3.

* * *

Cambridge Electronic Industries has paid about £360,000 for a 24 per cent stake in Lattice Logic, an unquoted Edinburgh-based company, in the silicon chip business. Ferranti has simultaneously increased its stake in Lattice from 7 to 15 per cent.

Lattice's main products include a range of silicon compilers which automate the design of semi-custom integrated circuits. It said it anticipated "dramatic growth in 1985" and was "looking forward to developing synergies with CEL"

* * *

Consolidated Gold Fields has now received in total irrevocable undertakings to accept its offer in respect of 4.37m ordinary B shares in Bath and Portland (21.4 per cent).

* * *

Greene King and Sons has completed the joint venture with Roullet et Cie, a company in the Cognac region of France producing, bottling and exporting its own Brandy.

A new private company, Roullet et Fils S.A., has been formed to acquire the business of Roullet et Cie in which Greene King has acquired a 50 per cent shareholding for £178,000 cash.

It is the new company's intention to profitably expand the Roullet Brandy business both in the UK and worldwide.

* * *

T. Williams, the drop forging subsidiary of the Anglo-Indonesian Corporation, acquired Thomas Smith & Sons of Saltley for an aggregate consideration of £885,331.

The consideration is to be satisfied as to £430,556 in cash and as to the balance by the issue to the vendors of £454,775 of floating rate unsecured loan stock 1985/88 of Anglo Indonesian, to rank pari passu with the existing floating rate loan stock.

* * *

Television Services International, the London-based USM quoted television, film and video production and post production group has made a £2.1m agreed bid for Molinare Holdings, which provides film and audio production facilities.

COMPANY NEWS IN BRIEF

Yearling bonds totalling £15.5m, at $10\frac{1}{16}$ per cent, redeemable on January 8 1986, have been issued by the following local authorities. Alnwick District Council £0.25m; Bassetlaw DC £0.5m; Isle of Wight County Council £0.5m; Rochdale (Metropolitan Borough of) £1m; Rushcliffe Borough Council £0.5m; South Oxfordshire District Council £0.25m; Taunton Deane BC £1m; West Lancashire DC £0.25m; Birmingham (City of) DC £2m.

Brighton BC £1m; Walsall Metropolitan BC £2m; Beverley BC £0.5m; Buckinghamshire County Council £1m; Brentwood DC £0.25m; New Forest DC £0.75m; Sefton MBC £1.25m; Tonbridge and Malling BC £0.5m; Ellesmere Port and Neston (Borough of) £0.5m; Newcastle-upon-Tyne (City of) £1m; Northampton (Borough of) £0.5m.

* * *

Woodchester, the Dublin-based vehicle and equipment leasing concern, has become the first Irish company to make the transition from the Unlisted Securities Market to a full listing.

RESULTS DUE NEXT WEEK

British Telecom is due to publish its first set of results as a public company on Thursday, covering the six months to September. Forecasts range widely from pre-tax profits of £650m to £690m, as against the previous interim's taxable £462m. Either way, BT should have easily beaten the first quarter's £319m in the second three months, and looks on track to do better than its prospectus forecast of £1.35bn for the year to next March. A reduction in interest charges following last August's capital restructuring will be the biggest single source of improvement, and there will also be a substantial benefit from the ending of special provisions for obsolete equipment. Sales are expected to be up by at least 10 per cent, with staff costs rising at around half that rate, reflecting a slight decline in employee numbers and last July's 5.2 per cent pay award. Other operating costs, however, should rise in line with revenues, reflecting the expenses of installing new subscriber equipment and the charges levied by foreign telecommunications authorities for the growing number of overseas calls.

Associated Dairies on Wednesday reports its results for the half year to the end of October, six months which closed with the much-heralded opening of its 100th superstore, in Charlton, London. The continuing expansion of the superstores chain will contribute to a comfortable increase in profits from this division, offsetting the impact of the miners' strike which has hit sales in the North. However, the performance of the group as a whole is expected to be held back by another dull result from Wades Furniture Stores and from the fresh food processing division, whose margins have been squeezed by an abundant harvest of fruit and vegetables. The City is expecting to see a group total of £56m to £59m, pre-tax, against £48.7m last year.

Much of this year's action at Thorn EMI, which is due to announce interim results on Thursday, is going to come in the latter half. Weak demand for videos and large-screen colour televisions, along with the increased investment in new ventures, prompted the company to disclose at last September's annual meeting that first-half profits will be lower.

These elements, coupled with that fact that lack of product will have hit music income in North America and increased stock levels will add to the interest charge, puts analysts profit forecasts for Thursday's interims at around the £40m mark pre-tax, against £55.8m last time. But this shortfall will be more than made up in the second half.

There wil be first time contribution from Inmos while the proceeds from the £141m rights issue wil cut interest payable. Also, increased consumer spending before Xmas should have boosted the video and TV interests, U.S. music has reportedly recovered and defence electronics continues to push ahead. Overall, the best estimates at this stage put the year-end pre-tax figure up from £156.8m to around £167m.

The first half results of Magnet & Southerns, due (Thursday), will confirm that this joinery company is becoming less dependent on the fickle building cycle and more consumer orientated, thanks to the decision to build up its retailing arm.

The opening of at least 16 new branches last year will start making an impact, a move which owes much to the company's good position in the repair and maintenance market which happens to be relatively buoyant at the moment. Against this, margins wil have come under pressure from the move into the cut-throat kitchen market and the stiff competition being experienced in bulk wholesaling imported timber, the latter element being also hit by the disruptive effects of relocating the main timber yard.

Another important factor this year wil be the tax charge. After just 21 per cent last year, tax is likely to be much higher this time because of the lower capital allowances coming through, so earnings per share will suffer.

The concensus is that first-half profits will rise from £17.3m to just under £20m, with the full-year figure rising to around £37m (£32.13m) and roughly similar earnings per share of 14.1p.

Associated Newspapers, whose preliminary results for the year to the end of September are due on Friday, is remarkably reticent about its own affairs. In particular, it keeps quiet about the financial performance of its newspapers — the profitable provincials, which were buoyed last year by very strong demand for advertising, and the heavily-promoted Daily Mail and Mail on Sunday, which together lose money. In other parts of the group the picture is much clearer —the North Sea oil interests should be well ahead with the flow from the new Duncan field added to that of the mature Areyll. And in the U.S., the successful 13-30 publishing subsidiary which has already reported $6m profits will be consolidated for the first time. Overall, the City is expecting to see £18m to £20m (£16.5m).

On the face of it, Electronic Rentals Group's results for the first six months to September (due on Thursday) will look encouraging. Analysts are forecasting a rise in taxable profits from £4.43m to £8m or more. However, that should include a £5m decline in above-the-line write-offs relating to the British Relay Wireless acquisition, indicating a marked drop in underlying trading profits. Price pressures have eroded video-recorder and colour television hire margins in an overcrowded and declining market, while the abortive cable television operations have proved a costly burden. A small improvement in overseas rentals will have done little to mitigate the damage. A maintained but uncovered 1.667p net dividend looks on the cards.

Shareholders looking for confirmation that recovery has taken root at Guinness Peat should find the results for the year to the end of September (Wednesday) reassuring. The City is expecting to see net profits of about £7m (£1.6m), bolstered by strong performances from insurance broking, property and aviation, compensating for a dull result from the merchant bank, Guinness Mahon, where the chairman and chief executive both resigned in November.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Ashdown Investment Trust	Thursday	2.1	4.9	2.3
Associated Newspapers	Friday	4.5	7.6	4.5
Barr, A. G.	Monday	1.75	5.0	1.75
Circaprint	Friday	—	—	—
Daily Mail and General Trust	Friday	12.0	22.5	12.0
Dewhurst and Partner	Thursday	0.225	0.45	0.25
Guinness Peat	Wednesday	—	—	0.6
Johnson and Firth Brown	Wednesday	—	—	—
Morceau Holdings	Thursday	—	0.6	—
Valin Pollen International	Thursday	—	—	0.6
INTERIM DIVIDENDS				
Associated Dairies Group	Wednesday	1.04167	1.45833	
Berkeley and Hay Hill Investments	Monday	—	—	
Bespak	Wednesday	—	1.5	
Black, Peter Holdings	Friday	0.4725	0.98	
Brasway	Tuesday	0.5	0.83333	
Cards Engineering Group	Monday	2.6	6.0	
Electronic Rentals Group	Thursday	1.1667	2.0855	
Ellis and Everard	Monday	2.27273	3.63638	
Howden Group	Thursday	0.8	2.0	
Jones Stroud (Holdings)	Thursday	2.5	4.0	
London Investment Trust	Thursday	0.406	0.658	
Magnet and Southerns	Thursday	2.0	2.7	
Mebon	Thursday	—	2.0	
Moorgate Investment Trust	Wednesday	3.25	6.75	
Mountleigh Group	Tuesday	1.0	4.5	
Multitone Electronics	Friday	1.05	1.6	
Radiant Metal Finishing	Thursday	1.0	1.5	
Ratners (Jewellers)	Friday	0.67	1.63	
Stead and Simpson	Friday	1.5	4.0	
Thorn EMI	Thursday	5.0	12.5	
Tomkins, F. H.	Monday	0.635	1.165	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

The battle for control of Hoskins and Horton, the hospital equipment and engineering group, intensified this week. Scottish Heritable Trust raised its bid to £8.3m and so topped the agreed offer worth £7.47m from London and Midland Industrials, which is now considering its position. Scottish Heritable's revised offer is ten of its own shares plus 315p cash for every three Hoskins and Horton shares.

Building materials group Redland is expanding its brick and tiling operations in Holland and simultaneously cutting out a loss-making replacement windows subsidiary in the U.S. RBB Europa, Redland's joint venture Dutch subsidiary, is paying about £20m cash for three building material businesses owned by DSM, the state-owned chemicals group. In the U.S., Redland has sold Season-all Industries to a group of private investors for £13.5m.

Control Securities announced an agreed share-exchange offer for fellow property development group Ascot Holdings whose shares are traded under Rule 535 (2). The terms, two Control shares for five Ascot- value the latter at £2.5m, or 20p per share. Ascot's directors have undertaken to accept the offer, while Labofund, which holds a 23.19 per cent stake in Control, has indicated that it is also agreeable to the deal.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Aeronautcl & Gen	330*	330	338	13.2	Landis & Gyr
Anglo-Scot Inv	¶¶	159	156	¶¶	Japan Assets
Atlanta Inv	141½§§	132	91	5.68	Grovebell
Bath & Portland	241½§§§	291	225	38.42	Beazer (C. H.)
Bath & Portland	298§§	291	277	60.78	Cons Gold Fields
Causton (Sir J.)	120	116	105	20.30	Norton Opax
Churchbury Ests	782§§	770	745††	56.37	Greycoat Offices
Comfort Hotels	91½	87	71	57.12	Ladbroke
Cullen's Strs Ord	475*	465	365††	4.75	Whatling (IOS)
Cullen's Strs 'A'	375*	365	260††	3.75	Whatling (IOS)
Currys	621§§	615	311	289.25	Dixons
Elson & Robbins	86§§	82	68	8.51	Hartons Group
Glanfield Lawrce	49½*§	52††	49	3.60	Gregory Secs
Hambro Life	550*	540	498††	663.0	BAT Inds
Harrison, T. C.	74*	69	49	16.70	Harrison, T.C. Grp
Hoskins & Horton	281½§	301	188	7.64	Lon & Mid Inds
Hoskins & Horton	305§§§	301	270	5.90	Scottish Heritable
Kent (M. P.)	80½§§	77	67	34.53	Beazer (C. H.)
Lon & Mchstr Secs	11	8½	10½	3.56	Amal Estates
Moay Firth Malt	356§	360	340	15.53	Scot & Newcastle
Powell Duffryn	447§	436	340	169.32	Hanson Trust
Voyager Petrolm	55*	55	51	5.50	BP
Websters Group¶	139§§	133	140	17.52	Octopus Publshg
Whittington	23½§§§	22½	22	10.11	Aitken Hume

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on January 4 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Kelsey Ind	Sept	1,440	(1,140)	17.0	(12.9)	8.0	(8.0)
Kitchen Taylor	Sept	2,070	(1,960)	34.5	(24.6)	8.0	(—)
Nash Ind	Sept	267	(676)	4.2	(10.9)	2.5	(4.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AIM Goup	Oct	835	(488)	1.9	(1.9)
Bestwood	Sept	4	(113)	—	(—)
Cap & Counties	Sept	4,110	(3,140)	1.6	(1.4)
Horsell, Frank	Sept	1,400	(1,000)	—	(—)
Robertson Res	Sept	1,170	(822)	1.2	(—)
Stavert Zigomala	Sept	28	(23)	—	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated.

Offers for sale, placings and introductions

Advent Capital—Morgan Grenfell has raised £36m through a placing of shares in Advent Capital.

Grand Metropolitan—placing of 37m new shares at 290p per share.

BANK RETURN

BANKING DEPARTMENT

	Wednesday January 2 1985	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	301,275,918	+ 195,158,899
Bankers Deposits	614,874,371	— 175,845,230
Reserve and other Accounts	1,690,655,746	— 2,429,176
	2,621,359,035	+ 16,884,493
Assets		
Government Securities	448,966,961	— 23,845,000
Advance & other Accounts	1,031,005,291	+ 140,377,932
Premises Equipment & other Secs	1,137,855,814	— 90,258,683
Notes	3,402,663	— 9,361,486
Coin	128,306	— 33,270
	2,621,359,035	+ 16,884,493

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	12,820,000,000	— 670,000,000
in circulation	12,816,597,337	— 660,638,514
in Banking Department	3,402,663	— 9,361,486
Assets		
Government Dept	11,015,100	—
Other Government Securities	2,266,083,604	— 762,751,985
Other Securities	10,542,901,296	+ 92,751,985
	12,820,000,000	+ 670,000,000

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U.S. energy majors in merger speculation

By Paul Taylor in New York

TRADING in the shares of Occidental Petroleum and Diamond Shamrock, two major U.S. energy groups, was suspended on the New York Stock Exchange yesterday at the request of the companies amid speculation about a possible merger.

Neither company would comment on the share trading delay which was requested before the opening of the exchange and was said to be pending an announcement. Diamond Shamrock shares closed unchanged at $17¾ on Thursday and Occidental's shares closed down $¼ at $26¼.

Industry analysts said the boards of the two companies plan a meeting on Monday and suggested that discussions between the two companies had been underway for nearly a year. Wall Street noted that Mr Ray Irani, Occidental's recently appointed president and chief executive, is a former executive of Diamond Shamrock. Mr Irani replaced Mr Robert Abboud last August as the latest in a long line of possible heir apparents to the top job at Occidental—held currently by Dr Armand Hammer, the group's founder and chairman.

They also noted that Mr William Bricker, Diamond Shamrock's chief executive, has on several occasions expressed a desire to run a "major" oil company similar in size to the six sisters. Diamond Shamrock reported net earnings of $185.4m on sales and operating revenues of $3.4bn in the first nine months of last year.

Analysts speculated that any merger would probably take the form of a stock swap bearing little premium over the market price.

Occidental, which is dominated by Dr Hammer, aged 86, reported $384.5m in net income before preferred dividends in the first nine months last year on net sales of $11.58bn. The Los Angeles-based group is currently saddled with over $4.55bn in debt.

David Dodwell examines soothsayers' prophecies of stability and prosperity

Hong Kong sees hope in the year of the ox

ACCORDING to the Chinese Zodiac, 1985 is the year of the ox. Any soothsayer worth his oats in Hong Kong would tell you this means a year of hard work, resilience, stability, peace and prosperity.

Stock market operators hoping it might be a year of the bull for them may be disappointed, but after the last two roller coaster years, most will be more than satisfied with the soothsayers' assurances.

Suggestions a year ago that Hong Kong's four stock markets might be stable places to invest money would have drawn ridicule or incredulity. Secret Sino-British negotiations over the return of Hong Kong to Chinese sovereignty in 1997 had allowed paranoia to flourish in a fertile soil of rumours, and reports of capital flight.

Calm only returned in September, when details on the Sino-British agreement were finally published — providing *more detailed assurances on the* preservation of a high degree of autonomy than most had dared to predict.

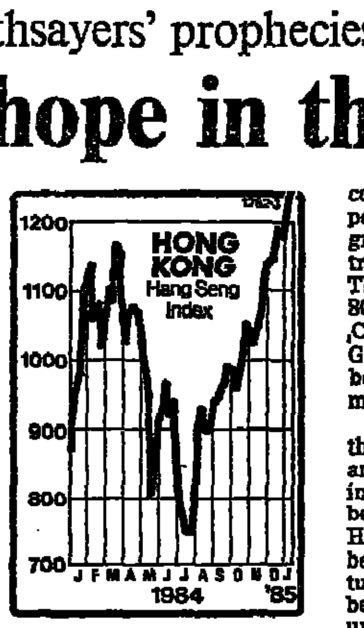
"There is no question that publication of the agreement cleared the air," one stock market analyst noted yesterday. "For the first time in three years, people were able to look a year—even 18 months—ahead. They were able to put political *factors aside, and look at* fundamentals—like dividends, and earnings growth."

Reflecting this renewed air of calm, share prices have risen steadily, with the pace of market activity quickening since December 20, when Mrs Thatcher flew into Hong Kong after officially signing the agreement in Peking. The Hang Seng index, Hong Kong's primary stock market measure, has risen by just under 70 per cent from a year's low of 746 on July 13. The index ended the week at 1,262.3, for a 76-point gain since Christmas, and a 26.3 gain on the day.

Several stockbrokers have traced a second reason for the recent strong market recovery—*firm signs that the critically* important property sector is beginning to stabilise after a crash two years ago which wiped 50 per cent off the value of most properties in the territory.

Signs that supply and demand for property in Hong Kong are at last coming back into equilibrium mean that rental incomes have steadied and in some areas begun to improve.

While many property companies still carry massive debts, a steep fall in local interest rates has eased the cost of debt servicing. Most property companies have also made all the



provisions that they will need to make, so profits in 1985 are likely to be markedly better than in 1984.

Other economic factors are moving in Hong Kong's favour. GDP growth is expected to pass 8 per cent in 1984, fuelled by strong export growth to the U.S., and similar growth forecasts are being made for the economy in 1985. Inflation has slipped back into single figures, and there is full employment. Corporate earnings are forecast to grow by at least 25 per cent in the year ahead.

Exports to the U.S. are not expected to grow as quickly in 1985, but most observers are *confident that this will be* compensated for by a striking growth in direct and entrepot trade with mainland China. This is likely to grow by about 80 per cent this year, with China overtaking both West Germany and the UK to become Hong Kong's second most important trading partner.

The local currency, linked to the U.S. dollar, remains strong, and as interest rates have fallen in the U.S., investors have begun to draw funds back into Hong Kong. This has already been reflected in stock market turnover—which often slipped below HK$ 100m a day in the *uncertain months of last year,* but has now recovered to HK$ 200m (U.S.$25.6m) a day and more.

Another factor evidently stimulating the local market is the shift of a large volume of investment funds out of Malaysia and Singapore, where markets have been weak *recently, and where growth* prospects in the near future are clouded.

These encouraging factors, have created a rare consensus among stock market analysts that the Hang Seng index can hold steady in the region of 1,200 to 1,300 for the first half of this year. While some bullishly predict further improvement to the 1,500 level, few fore*see downside risks.* Even the spring budget, in which Sir John Bremridge, financial sec*retary,* has indicated possible tax increases, seems to evoke few fears.

If stockbrokers are confident about market prospects in the near future, they are more selective in the stocks they are prepared to recommend. Most regard property companies with comparatively few debts as undervalued. They also suggest that the Hong Kong Bank, and its sister the Hang Seng Bank, *have not kept pace with the* market.

Few manufacturing companies *inspire confidence, however.* Only Gold Peak, Johnson Electric and Atlas, electronics groups with in-house technological capabilities, are widely tipped. Among textile companies, only Winsor, the market leader, attracts support—and then because of its dividend policy rather than market prospects.

All brokers are confident of steady improvement between now and the beginning of the Chinese New Year late in February. Whether their confidence in stability and resilience after that is justified very much depends on whether the year of the ox lives up to the *reputation the soothsayers* have given to it.

Holmes á Court sells oil and gas units

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR ROBERT HOLMES A COURT, the Perth entrepreneur, has agreed to sell important oil and gas interests of subsidiary Bell Resources for A$190m (U.S.$154m) to Peko-Wallsend.

In a joint statement yesterday, Bell Resources and Peko-*Wallsend, an Australian min*ing house, said Peko planned to acquire Bell's 53 per cent stake in Weeks Australia, held via Weeks Petroleum, plus Weeks Energy Minerals of the U.S.

The deal will yield Mr Holmes à Court's master company Bell Group a small profit and give Peko a direct stake in significant Australian gas and oil properties, plus control of oil *and gas fields in the U.S.*

The move could foreshadow another take-over bid by Mr *Holmes à Court—recently he* attempted to acquire an important stake in Elders-IXL, the Australian pastoral, trade and finance group, but this move was eventually blocked.

Last September Mr Holmes à Court said that oil exploration was absorbing too large a proportion of Bell's time and money, given that it also owns a lucrative 1.378 per cent royalty on Bass Strait oil pro*duction, via Weeks Petroleum* (93 per cent owned by Bell Resources) which is not being *sold to Peko.*

Weeks Australia's main interest is a 10.31 per cent stake in the Jabiru oil discovery off Northern Australia, now thought to contain about 40m barrels of oil, against earlier estimates of 200m barrels-plus.

Peko will pay A$141m for control of Weeks Australia — *A$1.20 per share and 60 cents* per option — plus A$49m for the U.S.-based Weeks Energy *Minerals.*

Bell Resources' shares closed 25 cents higher at A$4.50, while Peko shares fell 30 cents to A$4.20 following the sale announcement.

Peko's interests include gold, coal, copper and iron ore mining, plus a 20 per cent stake in Beach Petroleum.

Gotthard Bank plans SwFr 21m rights issue

By John Wicks in Zurich

GOTTHARD Bank, in which Sumitomo Bank of Japan has a controlling interest, is proposing a SwFr 21.2m ($8.1m) rights issue plus the payment of an unchanged SwFr 14 a share dividend for 1984 at its February 27 general meeting.

The Lugano-based bank intends to offer new shares and participation certificates of SwFr 100 nominal value at a price of SwFr 207 each. This *will increase share capital from* SwFr 80m to SwFr 88m and that held in the form of partiparticipation certificates, following a 7.4 per cent rise in net profits for the past year to SwFr 29m.

At the same time, the board will ask shareholders to approve payment of unchanged dividends on existing shares and participation certificates, bollow a 7.4 per cent rise in net profits for the past year to SwFr 29m.

The bank's balance-sheet total increased by 10.9 per cent in 1984 to slightly more than SwFr 4.14bn. Gross earnings were up from SwFr 63m to SwFr 71.3m, but they included SwFr 6m from the sale of an investment.

● Banca della Svizzera Italiana of Lugano now estimates that it will suffer losses of some SwFr 28m ($10.8m) from irregularities at its Melide branch. The total sum of clients' misappropriated funds is put at about SwFr 80m.

Irving Bank, the New York bank which owns some 40 per cent of the BSI capital and 25 per cent of voting rights, said *at the turn of the year that its* fourth-quarter results would be affected by the Melide case to the sum of about $4.5m.

The Lugano bank does not yet know to what extent its loss can be covered by the mobilisation of unpublished reserves. Any such move would need the approval not only of the board but also of the Swiss Banking Commission, which has not yet commented on the loss.

Mitel fails to return to black in third quarter

By Bernard Simon in Toronto

MITEL, the troubled Canadian manufacturer of telecommunications equipment, has failed to meet earlier predictions of a third quarter profit, reporting a net loss of C$4.3m (US$3.26m) or *17 cents a share, in the* three months to November 23.

The company was last in the black when it earned C$794,000 or 2 cents a share, in the third quarter of 1983. Losses, however, have steadily declined in the current fiscal year, from C$17.8m in the first quarter and C$10.1m in the second. Sales have risen steadily, with third quarter revenues of C$98.1m, 13 per cent higher than a year earlier.

Mr Duncan Campbell, chief financial officer, said that internal cash flow "was approximately break-even" in the third quarter. He expects the improvement to continue, mainly due to lower unit costs in the production of the large SX-2000 switching system.

Research and development spending on the SX-2000 has been a major drag on Mitel's *financial* resources in recent years. Earlier this year it re-revenues have risen by 12 per cent to C$263.3m.

NYSE urged to change listing rule

By Terry Byland in New York

A COMMITTEE of the New York Stock Exchange has recommended that the NYSE should abandon its long established policy of refusing to list companies with two classes of common stock, with unequal voting rights.

The committee's proposal *that* approval by two-thirds of a company's common stockholders for creation *of a second class* of stock should ensure listing, must still win acceptance from the NYSE board, and would then need approval from the Securities and Exchange Commission.

The NYSE, in common with most other world stock exchanges, has in the past disapproved of unequal classes of stock on the general grounds of shareholder democracy. The recent burst of *hotly-contended* takeover bids has encouraged some companies to defend them*selves by creating a second* class of stock with disproportionally heavy voting rights, which can then be placed with friendly hands.

The issue has also been tested by General Motors, which created a new class of stock during its takeover of Electronic Data Systems.

Control Data sees turnround

BY OUR NEW YORK STAFF

CONTROL DATA, the U.S. com*puter and computer products* group which is in the midst of a major reorganisation and retrenchment plan including the withdrawal from the IBM plug-compatible peripherals market, expects to return to profit in the 1984 fourth quarter. The group made a loss of $54.5m in the third quarter.

The Minneapolis-based group's third-quarter loss was its first for 10 years and reflec*ted the impact of a $70.3m one-*time charge to cover the withdrawal from the plug-compatible *market. It expects to post* fourth-quarter and full-year net earnings of about 80 cents a *share. In the year-ago quarter* Control Data reported net earnings of $48.7m or $1.26 a share. Full-year earnings for 1983 were $161.7m or $4.20 a share on revenues of $4.58bn.

In the first nine months of 1984, after adjusting for the charge and a $11.9m gain from *the sale of property, net earn*ings totalled $600,000 or 1 cent a share.

Control Data said that earnings had improved in the fourth quarter in both its information services and products and financial services segments. In November the company said it was considering selling Com*mercial Credit, its wholly-*owned financial services subsidiary.

In addition the company, formed 27 years ago and run by Mr William Norris, chair*man, said earnings are expected* to continue to improve in 1985.

Gazocean to be restructured

BY ANDREW FISHER IN LONDON AND DAVID MARSH IN PARIS

GAZOCEAN, the ailing French gas shipping company, is to undergo a major restructuring *operation in the face of heavy* losses of some FFr 200m ($19.4m) a year.

Furness Withy *of the UK,* part of the C. Y. Tung group of Hong Kong, and Compagnie Generale *Maritime of France* will be large shareholders in the new operation with some 22 per cent each.

The problems of Gazocean, which said it would go bankrupt without the deal—in part compensation for its cancellation of costly charters—follow *hard on the collapse of Salen-*invest in Sweden and Irish Shipping.

Furness Withy said it was ready to take up the offer of a stake in Gazocean, whose largest current shareholder is state-owned Gaz de France.

Two companies in West Germany, Friedrich A. Detjen and Bernhard Schulte, will each have around 10 per cent if they accept the deal. The Gaz de France stake of 26 per cent will be reduced.

Gazocean fell into difficulties *because the gas shipping* market did not fulfill expectations and it was left with charters fixed in the 1960s and 1970s at high rates.

Altogether, 13 ships are involved. Furness Withy had four on charter to Gazocean for various periods, but has operated these in a pool with the other companies since the charters were suspended at the start of 1984.

Royal Insurance changes

Sir Anthony Tuke has been *appointed a deputy chairman of* ROYAL INSURANCE. He has been a director since 1978. Sir Max Williams, senior partner, Clifford-Turner, has been appointed a director.

★

Mr Geoff Kirk, relinquishes *his* post as chief executive of SHAND'S UK mining operation and assumes group board responsibility for the company's construction and engineering activity. He has been with the Shand Group since 1953. Mr Ciaran J. Forristal, who takes over responsibility for the UK mining and quarrying operations —also joins Shand's main board. He was with Shand's parent company, Charter Consolidated. Mr Jim Nichols, group financial director, will now be in charge of all group services and investments. Shand construction interests in Scotland via its subsidiary, the Morrison Group, and mining activity in America with Shand Mining Inc., continue with directors Mr Frazer Morrison and Mr Fred Clayton respectively. Directors Mr Alan Pigott, Mr Robin Forrest and Mr Roy Gratton will be leaving the company.

★

Mr Hugh Ashton is leaving his position as a director of J. Henry Schroder Wagg to join the board of HANSON TRUST as an executive director at the beginning of *February.*

★

MITSUI FINANCE INTERNATIONAL, London-based merchant banking subsidiary of the Mitsui Bank, has appointed Mr David K. Dodd as deputy manag*ing director. He was with County* Bank.

★

Mr Brian A. White has joined BECHTEL in London as manager of division operations for offshire projects. He will also be responsible for the offshore quality assurance and marine operations departments. He was with Matthew Hall, where he was divisional director responsible for offshore projects.

★

GUINNESS PEAT PROPERTIES INC has appointed Mr Brian Goswell a non-executive *director. He is a managing* partner of Healey & Baker.

★

Mr Gordon Wareham has been appointed a director of DEMA GLASS. Mr R. A. Balsom, Mr D. J. Howell and Mr A. H. Stark, at present regional managers respectively of the Midland, Southern and Northern regions *of the group's UK engineering* contracting operations, have been appointed directors of CROWN HOUSE ENGINEERING. Both companies are subsidiaries of Crown House.

★

Mr Denis Faher has retired as chairman of the WILLIAM BOLTON GROUP. He has become president. Mr J. J. Ryder, a non-executive director, has also retired. Mr John Briggs has been appointed chairman, and *Mr B. W. Flinn, chief execu*tive. Mr Briggs holds a number of other directorships including the chairmanship of A. I. Industrial Products, and Sangers. Mr Flinn is chief executive of Sangers.

★

Mr Geoffrey Noy has been appointed a main board director of DEREK CROUCH, Peterborough. He is deputy chairman of Derek Crouch (Sales).

★

Mr N. A. Labram and Mr A. R. B. Ward have been appointed directors of V. BERG & SONS.

★

Mr Peter Turner has been appointed director of sales and marketing for LSI LOGIC.

★

Mr Peter Bruce has been *appointed chairman of the Inde*pendent Broadcasting Authority's local advisory committee for independent local radio in the Sheffield and Rotherham area. He succeed Mr Nicholas Hutton. Mr Bruce is managing director *of William Parkin and Co.*

★

BRITISH RAIL Western Region has appointed as general manager Mr Sidney Newey, a former deputy general manager of London Midland Region at *Euston. He will be based at* Western's headquarters in Swindon.

★

Following V W Thermax's recent acquisition of King's Langley - based MAINE *ENGINEERING, Mr H. W.* Jackson, group chairman of V W Thermax has been appointed chairman of Maine. Mr R. T. Klottrup has been appointed *managing director; Mr K. C.* Huxbam becomes finance direc*tor; and Mr R. J. Davis is made* production director.

★

Mr Michael C. R. Hughes is joining the board of AMRO INTERNATIONAL, London, as an executive director, responsible for all trading and sales activities.

COUNTY BANK has appointed Mr John Carr as assistant director in the project finance department of finance division. He was formerly with the Department of Energy on secondment to Morgan Grenfell.

★

NAS EUROPE has appointed Mr David J. Koch as vice-president and director of marketing. He succeeds Mr John Curran who has assumed responsibility as vice-president for NAS central European operations. Mr Koch was director of marketing support for the western region U.S.

★

Mr Tom Weatherby has decided not to renew his contract as chief executive of the READSON GROUP. Mr Derek Hall, who has been a main board director for the past 11 years, has been appointed to succeed him from February.

★

Mr R. R. Batchelor, Mr S. W. Batt, Mr M. Claydon, Mr P. Higginson, Mr P. Madge and Mr D. N. Slade have been appointed directors of WILLIS FABER & DUMAS (UK). Miss V. Dallal and Mr J. R. White have been *appointed directors of Willis* Faber Advisory Services.

Mr W. N. Scott has been appointed to the board of MONUMENT OIL AND GAS as a non-executive director, on his retirement from the Royal Dutch/*Shell Group, where he was* regional co-ordinator western hemisphere and a director of Shell International Petroleum. He is a non-executive director of British Nuclear Fuels and of Hampton Gold Mining Areas.

★

COUTTS & CO has appointed Mr Warwick Newbury as man*ager, insurance sector, a new* post.

★

The AGRICULTURAL AND FOOD RESEARCH COUNCIL has appointed Professor John L. Jinks to be secretary and deputy chairman from May 1. At Birmingham University Dr Jinks has been, since 1965, Professor of Genetics, Deputy Dean (1967-1972) and Dean (1972-75) of the Faculty of Science and Engineering, Pro-Vice-Chancellor since 1981, and Vice-Principal since 1984. Professor Jinks will succeed Sir Ralph Riley who is retiring at the end of April.

★

The following have been appointed directors of JARDINE GLANVILL: Mr J. J. Casey, Mr R. Curtis, Mr P. R. Dodson, Mr J. L. A. Gomes da Silva, Mr G. J. *Kemp and Mr R. T. Rogers.*

★

HOWARD MACHINERY has appointed Mr E. E. Ray, Dr J. T. Braunholtz, Mr D. M. Saunders and Mr B. W. Flinn as non-executive directors. Mr N. D. *Dunnett has been appointed* managing director.

★

WULTEX MACHINE COMPANY, a subsidiary of Hampton Gold Mining Areas, has appointed Mr Gordon Jones as *chairman.* He is chairman of the Yorkshire Water Authority. *Mr G. Livingstone-Learmonth,* managing director of Hampton Gold Mining Areas, who had temporarily taken over the role of chairman, will step down but continues as a non-executive director.

★

Mr John Bloxcidge and Mr Tony McCann have been appointed corporate vice-presidents of ALLEGHENY IN*TERNATIONAL INC.* Mr Bloxcidge is managing director of Wilkinson Sword Consumer Products Group. Mr McCann is president and managing director of Sunbeam International Group. Both Mr Bloxcidge and Mr McCann are directors of AI's International Group which includes all the AI businesses outside the U.S. and Canada. They are based at Langley, Slough.

★

ENGLISH CHINA CLAYS has made the following divisional board appointments: at ECLP and Co: Mr R. E. Broeiner, Mr J. B. Dobson, Dr C. W. Gronow, and Mr R. T. Simpson; at ECC Quarries: Mr A. L. Shearer.

★

AB ELECTROLUX has assumed control of the Italian domestic appliance manufacturer Zanussi. Mr George Dorman, managing director of Zanussi in the UK, has joined the boards of Electrolux Limited and Electrolux Associated Companies Limited. He has been appointed joint managing director of Electrolux Limited, in addition to his present duties with Zanussi. The chief executive of the Electrolux Group in the UK, Mr G. P. H. James, has been appointed deputy chairman and joint managing director of *Electrolux Limited.*

★

Mr R. F. Binyon, Mr M. Bullock, Mr M. W. R. Dobson, Mr K. R. Harris, Mr C. J. Knight, Mr R. N. Shrager and Mr J. S. S. Syrett have been elected to the board of MORGAN GRENFELL AND COMPANY.

ECONOMIC DIARY

TOMORROW: Sir Geoffrey Howe, Foreign Secretary, arrives *in Zimbabwe at start of African* tour. Mr Neil Kinnock, Opposition leader, flies to Mexico for two-day visit.

MONDAY: Third quarter figures for personal income, expenditure and saving. Industrial and commercial companies appropriation account (third quarter). Credit business for November. *November final figures of retail* sales. New European Communities Commission takes office. Mr George Shultz, U.S. Secretary of State, meets Mr Andrei Gromyko, Soviet Foreign Secretary, in Geneva for new talks on nuclear arms. Central bankers monthly meeting at BIS, Basle (until January 8).

TUESDAY: Mid-December *pro*visional estimates of monetary aggregates. London clearing banks' monthly statement for mid-December. Sir Geoffrey Howe visits Zambia. Mr Kinnock visits Nicaragua.

WEDNESDAY: Housing starts and completions in November. *Slum clearance figures for 1983-84.* November advance energy statistics. Quarterly analysis of bank advances (mid-November). House of Commons returns from Christmas recess. Mr David Steel, Liberal leader, presents 1984 Freedom of Information Awards, City Conference Centre. Local authority manual workers pay talks.

THURSDAY: December provisional figures of vehicle production. Sir Geoffrey Howe visits Kenya. National Union of Mineworkers' national executive meets, Sheffield. Sinclair electric vehicle launched. Swedish 1985 budget presented. Royal Bank of Scotland annual meeting.

FRIDAY: Building societies' monthly figures for December. Usable steel production in December. Gold Fields of South Africa quarterly results, Johannesburg.

BASE LENDING RATES

A.B.N. Bank	9½%	C. Hoare & Co. †	9½%
Allied Irish Bank	9½%	Hong Kong & Shanghai	9½%
Amro Bank	9½%	Johnson Matthey Bkrs	9½%
Henry Ansbacher	9½%	Knowsley & Co. Ltd	10½%
Armco Trust Ltd.	10½%	Lloyds Bank	9½%
Associates Cap. Corp.	9½%	Mallinhall Limited	10 %
Banco de Bilbao	9½%	Edward Manson & Co.	10½%
Bank Hapoalim	9½%	Meghraj and Sons Ltd.	9½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank of Cyprus	9½%	Mount Credit Corp. Ltd.	9½%
Bank of India	9½%	National Bk. of Kuwait	9½%
Bank of Scotland	9½%	National Girobank	9½%
Banque Belge Ltd	9½%	National Westminster	9½%
Barclays Bank	9½%	Norwich Gen. Tst.	9½%
Beneficial Trust Ltd.	10½%	People's Tst. & Sv. Ltd.	10½%
Brit Bank of Mid. East	9½%	Provincial Tst. Ltd	11%
■ Brown Shipley	9½%	R. Raphael & Sons	9½%
CL Bank Nederland	9½%	P. S. Refson	9½%
Canada Perm'nt Trust	9½%	Roxburghe Guarantee	10 %
Cayzer Ltd	9½%	Royal Bk. of Scotland	9½%
Cedar Holdings	11 %	*Royal Trust Co. Canada*	9½%
■ Charterhouse Japhet	9½%	■ J Henry Schroder Wagg	9½%
Choulartons	**	Standard Chartered ‖	9½%
Citibank NA	9½%	Trade Dev. Bank	9½%
Citibank Savings	¶10½%	TCB	9½%
Clydesdale Bank	9½%	Trustee Savings Bank	9½%
C. E. Coates & Co. Ltd.	10½%	United Bank of Kuwait	9½%
Comm. Bk. N. East	9½%	United Mizrahi Bank	9½%
Consolidated Credits	9½%	Westpac Banking Corp.	9½%
Co-operative Bank *	9½%	Whiteaway Laidlaw	10 %
The Cyprus Popular Bk	9½%	Williams & Glyn's	9½%
Dunbar & Co. Ltd.	9½%	Wintrust Secs. Ltd.	9½%
Duncan Lawrie	9½%	Yorkshire Bank	9½%
E. T. Trust	10 %		
Exeter Trust Ltd	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	9½%		
Robert Fraser & Ptns.	10 %		
Grindlays Bank ‡	9½%		
■ *Guinness Mahon*	9½%		
■ Hambros Bank	9½%		
Heritable & Gen. Trust	9½%		
■ Hill Samuel §	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.25%. 1 month 7.00%. Fixed rate 12 months £2,500 8.75%. £10,000 12 months 8.00%.
† 7-day deposits on sums of under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8%.
‡ *Call deposits £1,000 and over 6¾%.*
‖ 21-day deposits over £1,000 7¼%.
¶ Mortgage base rates.
§ Demand deposits 8%.
** *See Provincial Trust Ltd.*

WORLD STOCK MARKETS

WALL STREET

Nervous with wide losses

FURTHER LOSSES were recorded on Wall Street yesterday, when analysts said investors remained nervous about buying stocks now that there is widespread speculation that interest rates have bottomed.

By 1 pm the Dow Jones Industrial Average was down 8.06 to 1,181.76, making a loss of 22.41 on the week, while the NYSE All Common Index, at $94.45, for a net loss of 60 cents on the day and $1.44 on the week. Declines held a two-to-one lead over gains while the volume was light at 57m shares.

There is also concern that a strengthening economy and rising Money Supply will leave little room for the Federal Reserve to bring down credit costs.

Analysts said many investors remained inactive because of expectations that the Money Supply will rise sharply when reported later in the afternoon.

Economists have been predicting a $4.4bn rise in M-1.

Digital Equipment fell $4[illegible] to $104[illegible] and **Honeywell** were off $2[illegible] to $55[illegible]. Both were believed to have been affected by negative analysts reports.

Other Technology losers included **Northern Telecom**, down $1[illegible] to $31[illegible], and **Texas Instrument**, also off $1[illegible] to $115[illegible].

Riegel Textile, long considered a takeover target, advanced $2[illegible] to $23[illegible].

Scovill rose $1 to $40[illegible]—Wall Street sources said the deadline for making bids for the company is this week. Last month Scovill rejected a $35 a share buyout offer from a company controlled by the Belzberg family of Canada. Traders said there is speculation that the Belzberg's may improve the price of their offer.

Closing prices for North America were not available for this edition.

Liberty Corp rose another $1 to $25 after a substantial gain Thursday — the company said Alex Brown and Sons recommended the stock.

THE AMERICAN SE Market Value Index shed 1.07 to 202.12, while the volume totalled 3.64m shares.

CANADA

Stock prices continued Thursday's steep slide with sharp losses in moderate trading at midsession.

The Toronto Composite Index, which fell almost 18 points Thursday, was down another 17.1 at 2,359.9. The Oil and Gas Index lost 19.4 to 2,966.0, Golds 14.1 to 2,775.9 and Metals and Minerals 5.5 to 1,893.9.

Declining issues outnumbered advances by 281 to 134.

TOKYO

Higher after moderate trading on the first business day of 1985, traditionally a half-day, as Financials countered softness in other areas to boost the Nikkei Dow Jones Average 15.46 to 11,558.06.

The market continued the rising trend of the last 1984 session on December 28, when the Average rose 29.03 and it now compares with a 1984 first day 9,921.11 close. Yesterday's turnover 180m (320m) shares.

The market started on a shaky note, burdened by news of two straight declines on Wall Street and a sliding yen.

Blue-Chip Light Electricals never got over the bad news and finished lower where changed, but Financials, "special situations" and "Speculative" issues advanced.

Trust Banks, other Banks and Brokerages rose, though Insurances softened. Most Precision Instruments and Trading Houses advanced. Auto parts were mixed to better.

But Machine Tools, Heavy Electricals and Non-Ferrous Metals fell. Electric Utilities, Steels and Airlines dropped broadly, reflecting the lack of a notably sharp drop in Oil prices following last week's meeting of the Organisation of Petroleum Exporting Countries (Opec). Drugs were mixed.

Although Banks opened yesterday, many businesses remained closed for holidays and share salesmen were not in offices to encourage buying.

HONG KONG

Share prices closed sharply higher in active trading. The Hang Seng Index gained 28.33 to 1,282.30, its highest level since July 26, 1982 when it stood at 1,271.12, while turnover on the four exchanges totalled $HK428.92m ($HK246.77).

Brokers attributed the uptrend to local Institutional and Overseas buying. The near-term trend for the market depends on Overseas Fund Managers who hold most of the market's free-trading scrip, brokers added.

SINGAPORE

Slightly firmer, following four consecutive declining sessions.

Investors continued to ignore the local market, preferring to turn to the Hong Kong Exchanges, dealers said. Since most analysts are forecasting slower corporate profit growth in 1985(there's little incentive in currently investing in the Singapore Exchange.

The Straits Times Index gained 2.54 to 795.72, while the All-Shares Index edged up 0.16 to 287.00. Rising issues held a narrow seven-to-five lead over falls. Volume 10.1m (6.3m) shares.

In hte absence of fresh market-affecting news, certain rumour-laden stocks dominated the market's limited attention.

Malayan United Manufacturing, the most active stock, climbed 11 cents to S$2.25, as some market participants revived rumours that the company may be the target of a takeover attempt by Cycle and Carriage.

Banks were slightly firmer, although BBS bucked that trend with a 10 cent loss to S$5.45.

Industrials and Commercials were narrowly mixed. Plantations generally higher, and Properties marginally better.

AUSTRALIA

Weaker on improved volume following further declines on Overseas Exchanges and a brief fall in the Bullion price.

The All Ordinaries Index was down 5.1 at 721.4, the All Industrials 0.7 at 1,081.2, the All Resources 8.1 at 445.3 and Metals and Minerals 9.0 at 400.5.

Turnover 38.21m shares worth A$51.56m with falls outnumbering rises 174 to 115.

Traders said markets continue to be depressed by the downturn on Wall Street and the threat of higher interest rates in the U.S. and in Australia, which has a bearish affect on commodity prices.

Mining shares led the declines, reflecting the lower Gold and Base Metal prices.

Brokers said Resource stocks came under pressure while Industrial issues generally withstood the sell-off.

Interest centred on Peko-Wallsend, off 30 cents at A$4.20, after it announced it will buy Bell Resources, up 25 cents to A$4.5[illegible] interest in Weeks Australia, up 10 cents to 90 cents.

Bell Group and Weeks Petroleum each rose 20 cents to 4.90 and 4.50 respectively.

JOHANNESBURG

Gold shares mostly firmer in moderate trading.

The steady Gold price prompted improved interest which led to gains of up to two rand.

Mining Financials and Diamonds followed Golds.

Industrials closed mostly easier.

SWITZERLAND

Domestic stock prices moved higher over a broad front in fairly active trading, with seasonal demand from Domestic investors boosting the market.

Dealers expect markets to improve further next week, when many investors will be back after the New Year holidays.

Interest focused on shares of Engineering firm Oerlikon-Buehrle, which rose sharply in speculative buying.

Selected Blue Chips also met strong domestic demand.

In firm Banks, Dow Banking rose Frs 40 to 1,200. Major Banks UBS, Bank Corp and CS were all above previous levels.

Swiss franc Foreign Bonds closed slightly firmer, while Domestic issues were steady.

MILAN

Mixed in moderately active trading, apparently unaffected by Thursday's announcement of a one point cut in Italy's official Discount rate, which had been widely expected.

Indices

NEW YORK

DOW JONES

	Jan. 3	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1984-85 High	1984-85 Low	Since Compiltn High	Since Compiltn Low
●Industri'ls	1189.82	1198.87	1211.57	1204.17	1202.52	1286.64 (6/1/84)	1088.57 (24/7)	1287.20 (29/11/83)	41.22 (2/7/32)
H'me Bnds	72.55	72.64	72.45	72.43	72.72	72.92 (18/12)	64.81 (25/6)	—	—
Transport.	555.58	563.70	558.13	556.91	553.70	612.63 (9/1/84)	444.03 (25/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	147.26	147.77	149.52	146.80	146.66	149.93 (18/12)	122.25 (15/6)	165.72 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	88,880	67,820	80,260	77,070	70,100	—	—	—	—

●Day's High 1207.93 (1212.46) low 1185.18 (1194.35)

	Dec. 21	Dec. 14	Dec. 7	year ago (approx
Industrial div. yield %	4.89	4.99	5.04	4.61

STANDARD AND POORS

	Jan. 3	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1984-85 High	1984-85 Low	Since Comp'tn High	Since Comp'tn Low
Indust'ls	183.14	184.10	186.36	185.49	184.90	191.48 (6/11)	167.74 (24/7)	194.84 (10/10/83)	3.62 (30/6/32)
Comp's'te	164.57	165.37	167.24	166.26	165.75	170.41 (6/11)	147.82 (24/7)	172.15 (10/10/83)	4.40 (1/6/32)

	Jan. 2	Dec. 26	Dec. 19	year ago (approx)
Industrial div. yield	4.14	4.11	4.09	3.70
Industrial P/E ratio	10.32	10.42	10.45	13.64
Long Gov. Bond yield	11.65	11.38	11.25	11.74

N.Y.S.E. ALL COMMON

Jan. 3	Jan. 2	Dec. 31	Dec. 28	1984-85 High	1984-85 Low
95.05	95.43	96.38	95.89	98.12 (6/11)	85.13 (24/7)

Rises and Falls

	Jan. 3	Jan. 2	Dec. 31
Issues Traded	1,987	1,959	2,019
Rises	749	624	982
Falls	795	934	589
Unchanged	443	401	448
New Highs	30	44	61
New Lows	16	12	18

TORONTO	Jan. 3	Jan. 2	Dec. 31	Dec. 28	1984-85 High	1984-85 Low
Metals & Minerals	1889.5	1932.2	1832.0	1920.8	2524.4 (12/1/84)	1641.2 (25/7)
Composite	2377.0	2394.8	2400.3	2388.0	2585.7 (6/1/84)	2079.7 (24/7)
MONTREAL Portfolio	118.81	119.28	119.64	118.82	126.83 (10/1/84)	100.36 (24/6)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
IBM	1,371,000	119⅞	−1	General Motors	964,700	75⅞	−1¼
Atl Richfield	1,303,100	43½	−⅞	Phillips Petrlum	945,900	42⅞	−⅛
Illinois Power	1,107,200	23⅝	—	Ford Motor	930,300	43½	−1¼
Polaroid	1,017,700	26⅞	−1	Mobil	926,600	26⅝	−½
Bristol-Myer	1,006,700	49¼	−1½	AT and T	909,700	19½	+¼

	Jan. 4	Jan. 3	Jan. 2	Dec. 31	1984-85 High	1984-85 Low
AUSTRALIA All ord. (1/1/80)	721.4	726.5	729.0	(c)	797.9 (9/1/84)	648.3 (18/6)
Metals & Mnls. (1/1/80)	400.5	409.5	411.7	(c)	567.4 (5/1/84)	354.3 (18/12)
AUSTRIA Credit Aktien (2/1/62)	59.09	59.04	59.22	(c)	59.37 (28/12)	55.20 (15/8)
BELGIUM Brussels SE (1/1/80)	2180.55	2198.79	2174.44	(c)	—	—
DENMARK Copenhagen SE (3/1/83)	160.56	159.53	169.65	(c)	225.21 (20/1/84)	160.56 (4/1/85)
FRANCE CAC General (31/12/82)	181.40	180.9	181.6	(c)	185.0 (26/10)	156.6 (3/1/84)
Ind Tendance (28/12/84)	100.60	100.1	100.2	(c)	100.2 (2/1/85)	100.0 (28/12/84)
GERMANY FAZ Aktien (31/12/58)	382.55	382.39	385.17	(c)	385.17 (2/1/85)	317.17 (25/7)
Commerzbank (1/12/53)	1112.70	1111.8	1118.4	(c)	1118.4 (2/1/85)	917.7 (25/7)
HONG KONG Hang Seng Bank (31/7/64)	1260.30	1255.98	1220.74	1200.58	1263.50 (4/1/85)	746.02 (13/7)
ITALY Banca Comm Ital. (1972)	229.91	229.16	228.58	232.31	250.81 (31/12)	182.66 (2/1/84)
JAPAN** Nikkei-Dow (16/5/49)	11558.06	(c)	(c)	(c)	11577.4 (4/12)	9703.35 (25/7)
Tokyo SE New (4/1/68)	916.95	(c)	(c)	(c)	916.95 (4/1/85)	730.4 (4/1/84)
NETHERLANDS ANP-CBS General (1970)	187.1	185.8	186.8	(c)	187.1 (4/1/85)	148.8 (25/7)
ANP-CBS Indust (1970)	149.0	147.9	148.4	(c)	149.0 (4/1/85)	118.7 (18/6)
NORWAY Oslo SE (4/1/83)	285.19	289.48	288.18	(c)	298.78 (8/6)	221.67 (4/1/84)
SINGAPORE Straits Times (1966)	795.72	793.18	800.47	(c)	1071.91 (8/2)	785.26 (21/11)
SOUTH AFRICA Gold (1958)	917.1	908.5	941.5	(c)	1089.8 (19/11)	738.1 (24/1/84)
Industrial (1958)	928.9	931.9	933.6	(c)	1106.3 (26/3)	853.5 (19/9)
SPAIN Madrid SE (28/12/84)	104.55	102.84	101.48	(c)	104.55 (4/1/85)	100.00 28/12/84
SWEDEN Jacobson & P (1/1/58)	1530.23	1581.84	1561.80	(c)	1584.5 (3/2)	1302.99 (22/11)
SWITZERLAND Swiss BankCpn. (31/12/58)	389.9	388.7	(c)	(c)	388.9 (4/1/85)	354.5 (25/7)
WORLD Capital Intl. (1/1/70)	—	184.6	185.5	187.2	189.6 (6/6)	183.2 (14/12)

** Saturday December 29: Japan Nikkei-Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. (u) Unavailable.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm

The dollar continued to improve in currency markets yesterday, finishing at an 11½-year closing high against the D-mark and its best level against the Swiss franc since December 1975. It was also at a three-year high against the Japanese yen. Demand for the dollar continued although at a weaker pace than earlier in the week.

Against the D-mark it rose to DM3.1680 from DM3.1615 and SwFr2.6320 from SwFr2.6210. It was also firmer against the yen at Y253.10 from Y252.40 and FFr 9.6925 from FFr 9.6825. On Bank of England figures, the dollar's trade weighted index rose to 145.6 from 145.5.

Sterling was slightly firmer overall with its index closing at 72.9, up from 72.8 on Thursday. It touched a low in the morning of 72.7 but recovered to 73.0 in the afternoon. The firmer trend was still probably a reaction to its recent sharp decline and a small increase in domestic interest rates.

Sterling closed at $1.1540-$1.1550, a rise of 40 points. It was also higher against the D-mark at DM 3.6550 from DM 3.6400 and FFr 11.1700 compared with FFr 11.1675. Against the Swiss franc it rose to SwFrs 3.0300 from SwFrs 3.0150 and Y292.0 from Y290.50.

£ in New York

	January 4	Prev. close
£ Spot	$1.1540-1.1548	$1.1510-1525
1 month	0.14-0.12 pm	0.14-0.13 pm
3 months	0.45-0.41 pm	0.46-0.45 pm
12 months	0.65-0.55 pm	0.73-0.65 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX

(Bank of England)

	Jan 4	Previous		Jan 4	Previous
8.30 am	72.7	72.6	Noon	72.8	72.6
9.00 am	72.7	72.5	1.00 pm	72.8	72.8
10.00 am	72.8	72.4	2.00 pm	73.0	72.6
11.00 am	72.9	72.5	3.00 pm	72.9	72.6
			4.00 am	72.9	72.8

POUND SPOT—FORWARD AGAINST POUND

Jan 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1475-1.1570	1.1540-1.1550	0.14-0.11c pm	1.30	0.42-0.38 pm	1.38
Canada	1.5175-1.5240	1.5220-1.5235	0.01c pm-0.08dis	-0.28	0.12 pm-par	0.16
Nethlnd.	4.10-4.13	4.12-4.13	1½-1¼c pm	4.00	4⅝-4⅜ pm	4.35
Belgium	72.70-73.10	73.00-73.10	3-8c dis	-0.90	2-11 dis	-0.71
Denmark	12.99½-13.06	13.02½-13.03½	2½-3½ore dis	-2.42	5⅞-6⅞ dis	-1.90
Ireland	1.1655-1.1695	1.1675-1.1685	0.45-0.61p dis	-5.44	1.18-1.42dis	-4.45
W. Ger.	3.63¼-3.66	3.65-3.66	1½-1¼pf pm	4.51	4½-4¼ pm	4.65
Portugal	196.00-199.20	196.60-199.10	260-590c dis	-25.78	725-1710ds	-24.61
Spain	200.95-201.50	201.10-201.35	35-50c dis	-2.53	115-140 dis	-2.53
Italy	2,232½-2,243	2,235¼-2,236¼	6-9lire dis	-4.02	19-24 dis	-3.85
Norway	10.51½-10.55¼	10.52-10.53	2¼-3½ore dis	-3.13	6⅝-7⅝ dis	-2.66
France	11.11½-11.18¼	11.16½-11.17½	⅛-1⅛c dis	-0.87	⅞-1⅞ dis	-0.42
Sweden	10.37-10.43½	10.39½-10.40½	1-1¾ore dis	-1.51	2½-3½ dis	-1.23
Japan	289¾-293¼	291½-292½	0.35-0.88y pm	3.76	2.91-2.78 pm	3.90
Austria	25.55-25.65	25.61-25.64	6½-5¼gro pm	2.69	20⅛-17¼ pm	2.84
Switz.	3.01¼-3.03½	3.02½-3.03½	1½-1¼c pm	4.96	4⅛-4 pm	5.44

Belgian rate is for convertible francs. Financial franc 73.20-73.30. Six-month forward dollar 0.62-0.57c pm. 12-month 0.65-0.50c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1475-1.1570	1.1540-1.1550	0.14-0.11c pm	1.30	0.42-0.38 pm	1.38
Ireland†	0.9800-0.9876	0.9845-0.9855	0.54-0.60c pm	6.32	1.42-1.32 pm	5.55
Canada	1.3180-1.3209	1.3191-1.3196	0.16-0.19c dis	-1.59	0.38-0.43 dis	$1.23
Nethlnd.	3.5590-3.5795	3.5715-3.5725	0.79-0.77c pm	2.62	2.58-2.55 pm	2.87
Belgium	63.20-63.40	63.30-63.40	9-10c dis	-1.80	21-23 dis	-1.39
Denmark	11.26-11.33	11.29¾-11.30¼	3-3½ore dis	-3.45	7⅞-8¾ dis	-2.83
W. Ger.	3.1510-3.1700	3.1675-3.1685	0.76-0.73pf pm	2.82	2.44-2.39 pm	3.05
Portugal	170½-171¼	170¾-170¼	250-530c dis	-27.46	700-1550ds	-26.39
Spain	173.95-174.72	174.40-174.60	0.59-0.85c dis	-4.26	170-185 dis	-4.07
Italy	1936½-1950	1941-1942	8-9½lire dis	-5.71	26-27 dis	-5.45
Norway	9.11-9.16½	9.12¾-9.13¾	3¼-3½ore dis	-4.59	9½-10 dis	-4.26
France	9.66¾-9.69½	9.69-9.69½	1.70-1.80c dis	-2.17	4.40-4.70dis	-1.88
Sweden	9.01-9.03¼	9.02½-9.02¾	1.80-2.30ore dis	-2.72	5.85-6.35dis	-2.70
Japan	252.15-253.40	253.05-252.15	0.51-0.47y pm	2.33	1.64-1.59 pm	2.56
Austria	22.16-22.26½	22.21-22.23	2.60-2.00gro pm	1.24	8¼-6¾ pm	1.39
Switz.	2.6140-2.6340	2.6315-2.6325	0.86-0.80c pm	3.79	2.60-2.54 pm	3.92

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.40-63.50.

OTHER CURRENCIES

Jan. 4	£	$		£ Note Rates
Argentina Peso	209.04-209.41	181.23-181.38	Austria	25.50-25.80
Australia Dollar	1.4140-1.4160	1.2275-1.2285	Belgium	72.85-73.65
Brazil Cruzeiro	3,654-3,6675	3,168-3,184	Denmark	12.95-13.08
Finland Markka	7.5890-7.6305	6.5900-6.5920	France	11.10-11.21
Greek Drachma	147.10-150.10	127.80-130.40	Germany	3.62½-3.66½
HongKong Dollar	9.0068-9.0180	7.8150-7.8180	Italy	2220-2250
Iran Rial	107.75*	94.30*	Japan	287-292
KuwaitDinar(KD)	0.35295-0.35345	0.30615-0.30625	Netherlands	4.09¼-4.13¼
Luxembourg Fr.	73.00-73.10	63.30-63.40	Norway	10.49-10.59
Malaysia Dollar	2.8282-2.8330	2.4540-2.4560	Portugal	195-212
New Zealand Dlr.	2.4330-2.4380	2.1120-2.1150	Spain	196-202
Saudi Arab Riyal	4.1305-4.1355	3.5825-3.5835	Sweden	10.33-10.46
Singapore Dollar	2.5326-2.5371	2.1975-2.1995	Switzerland	3.01-3.04
Sth African Rand	2.3450-2.3540	2.0365-2.0410	United States	1.14-1.16
U.A.E. Dirham	4.2335-4.2390	3.6720-3.6750	Yugoslavia	2.70-297

* Selling rates.

EXCHANGE CROSS RATES

Jan. 4	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Frank
Pound Sterling	1.	1.155	3.655	292.0	11.17	3.030	4.125	2237.	1.523	73.05
U.S. Dollar	0.866	1.	3.168	253.1	9.693	2.632	3.572	1942.	1.319	63.35
Deutschemark	0.274	0.316	1.	79.89	3.056	0.829	1.129	612.0	0.417	19.99
Japanese Yen 1,000	3.425	3.954	12.52	1000.	38.25	10.38	14.13	7660.	5.215	250.2
French Franc 10	0.895	1.034	3.272	261.4	10.	2.715	3.693	2002.	1.365	65.40
Swiss Franc	0.330	0.381	1.206	96.37	3.686	1.	1.361	738.2	0.503	24.11
Dutch Guilder	0.242	0.280	0.886	70.79	2.708	0.735	1.	542.2	0.369	17.71
Italian Lira 1,000	0.447	0.515	1.634	130.5	4.994	1.355	1.844	1000.	0.681	32.66
Canadian Dollar	0.657	0.758	2.400	191.8	7.335	1.990	2.709	1469	1.	47.97
Belgian Franc 100	1.369	1.580	5.003	399.7	15.29	4.148	5.647	3062.	2.085	100.

MONEY MARKETS

Rates ease

UK interest rates were slightly weaker overall yesterday as sterling showed a steadier performance in foreign exchange markets. However, the prospect of a rise in UK clearing bank base rates was not completely removed from the market's mind and suggestions from the authorities that a rise in interest rates was to be avoided only if possible, tended to add to market uncertainty.

However, the Bank of England was quick to allay any fears by taking out almost the entire shortage early in the morning. Consequently weekend interbank money finished at a low for the day of around 3 per cent, having opened nearer 9 per cent. Three-month interbank money was quoted at 10⅛-10⅛ per cent from 10¼-10⅛ per cent while three-month eligible bank bills were bid at 9⅝-9¾ per cent compared with 9⅞-10⅛ per cent.

The Bank of England forecast a shortage of around £500m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £222m and Exchequer transactions a further £95m. In addition there was a rise in the note circulation of £220m. On the other hand banks brought forward balances £50m above target. To help alleviate the shortage the Bank offered an early round of assistance of £455m, comprising purchases of £34m of eligible bank bills in band 2 (15-33 days) at 9⅞ per cent and in band 3 (34-63 days) £50m of local authority bills and £81m of eligible bank bills all at 9⅞ per cent. In band 4 (64-91 days) it bought £290m of eligible bank bills at 9⅞ per cent.

The forecast was revised to a shortage of around £450m before taking into account the early help and there was no further assistance by the Bank in the morning. In the afternoon the forecast was revised back to a shortage of around £500m and the Bank gave additional help of £30m through purchases of eligible bank bills in band at 9⅞ per cent. Total help was £485m.

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

LONDON MONEY RATES

Jan. 4 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	3-9	8¾	6-9	5½-8½	—	—	—	—	—
2 days notice	—	—	9⅛-9¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9-9⅝	9¼-9⅜	9⅛-9½	9⅝	—	—	—	—	—
One month	9⅞-9⅞	9⅞-10	9¾	10	9½	9⅝	9⅞	9⅞-9⅝	9⅞-9⅞	10¼
Two months	10⅛-9⅞	10⅛-10⅛	10	10¼	9½	9⅞	9½	9⅞-9⅞	9⅞-9½	10⅜
Three months	10⅛-10⅛	10⅛-10⅛	10⅛	10⅜	9½	9⅝	9½	9⅞-9¾	9⅞-9⅞	10⅜
Six months	10⅛-10⅛	10⅜-10⅜	10⅜	—	—	—	—	10⅛-10⅛	9⅞-9⅞	10⅛
Nine months	10⅜-10¼	10⅛-10⅜	—	—	—	—	—	—	—	—
One year	10⅜-10¼	10⅜-10⅛	10⅜	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert. of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10½-10¼	—	9⅞	8.3-8.4	7⅞-8⅛	9⅞-9⅛
Two months	10½-10⅛	—	10¼	8.3-8.4	7⅞-8⅛	9⅜-9⅞
Three months	10½-10⅛	—	10¼	8.4-8.5	8⅛-8⅞	9⅜-9⅞
Six months	10⅝-10⅜	—	10⅛	8.8-8.9	8⅛-8⅜	9⅞-9⅜
Nine months	10⅞-10⅜	—	10⅜	9.2-9.4	—	—
One year	10⅞-10⅜	—	10¾	9.5-9.8	8⅞-9⅛	9⅜-9⅛
Two years	—	11	—	—	—	—
Three years	—	11¼	—	—	—	—
Four years	—	11⅜	—	—	—	—
Five years	—	11½	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period December 5 1984 to January 1 1985 (inclusive): 9.913 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from January 1 1985. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 5-6¾ per cent. Treasury Bills: Average tender rates of discount 9.1738 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9¾ per cent; one-three months 10 per cent; three-six months 10¼ per cent; six-nine months 10½ per cent; nine-12 months 10½ per cent. Under £100,000 9¾ per cent from January. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. January 4)

3 months U.S. dollars	
bid 8 5/8	offer 8 3/4

6 months U.S. dollars	
bid 9 1/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	8¾-9	8¼-8⅜	9⅝-10	5⅞-5⅞	5-5	5⅛-5⅝	10½-10⅝	13-14	11-11½	10⅝-11	5⅞-6⅛	12¾-13¼
7 days' notice	9-9¼	8⅛-8⅛	9¾-10	6⅛-5⅞	3¾-4	5⅛-5⅝	10½-10¾	13⅝-14⅝	10½-11	10⅝-11⅛	5⅞-6⅛	12½-13
Month	9⅞-9⅞	8⅝-8⅞	9⅞-10	5¾-5⅞	4¾-4⅞	5⅛-5⅝	10½-10¾	13⅞-13⅞	10½-11	10⅝-10⅞	6-6⅛	12¼-12¾

Asian $ (closing rates in Singapore): Short-term 8⅛-8⅜ per cent; seven days 8⅛-8⅜ per cent; one month 8⅜-8⅝ per cent; three months 8⅞-9 per cent; six months 9⅛-9¼ per cent; one year 9⅞-10 per cent. Long-term Eurodollars: two years 10¼-11 per cent; three years 11¼-11⅜ per cent; four years 11⅝-11¾ per cent; five years 11⅝-12 per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES — REVIEW OF THE WEEK — AMERICAN MARKETS

Gold price under renewed pressure

BY OUR COMMODITIES STAFF

GOLD CAME under renewed selling pressure this week, with the London bullion spot price dipping below $300 a fine ounce at one stage on Thursday for the first time since June 1982. When the break through $300 failed to trigger off expected stop-loss selling the market rallied slightly, but it moved lower again yesterday afternoon to close at $301.50, still $7.50 lower than a week ago.

The decline was attributed to the continued strength of the U.S. dollar against other currencies, the threat of an oil price war, high interest rates, and a growing belief that gold is destined to sink below $300.

Platinum and silver followed the downward trend in gold, with prices dropping to the lowest levels for over 2½ years.

Base metals, however, on the London Metal Exchange were more influenced by the weakness of sterling and a shortage of spot supplies. Nickel and tin prices touched record levels, although tin values came back sharply yesterday as sterling strengthened.

The cash price of copper moved to a premium over the three months' quotation for a brief period, following another decline in LME warehouse stocks.

Cash lead fluctuated widely, reaching a peak of £410 a tonne, while the three months quotation barely changed.

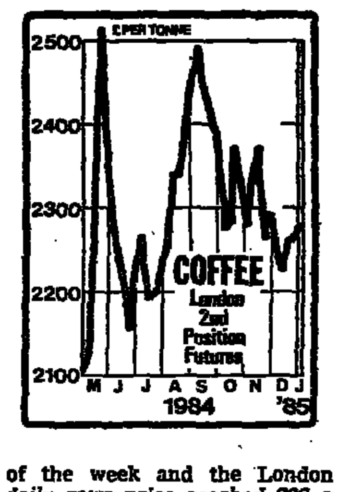
Zinc values rose strongly, after having fallen to £340, encouraged by the shortage of cash supplies and speculative buying. Cash zinc gained £25 to £705.5 a tonne, its highest level since April.

After trading in a fairly wide range during the week, March delivery coffee futures ended at £2,276.50 a tonne, up £15.50 on balance.

Heavy selling by some big New York dealers depressed values early on but prices bounced up again when one of these became a strong buyer. Sterling's weakness early in the week also contributed to the rally, which took the March position to £2,289 at one point.

A minor recovery in sterling was an influence in the subsequent easier tone, which was also encouraged by an increase in tenderings against the prompt January contract, easing fears of a squeeze on this position.

Sugar prices rallied from last week's 14-year lows at the start of the week and the London daily raws price reached $98 a tonne at one stage. But sentiment weakened again in the face of selling tender announcements by several producing countries and the rejection of all offers at a Tunisian buying tender. The raws LDP ended $3.50 up on balance at $96 a tonne.



BASE METALS

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1141, 40.5, 40, 41, three months £1146, 45, 45.5, 46, 45.5, 46. Cathodes: Cash £136, 35. Kerb: Higher Grade: Three months £1146.5, 47. Afternoon: Higher Grade: Three months £1147, 47.5, 48, 47, 47.5, 48. Cathodes: Cash £1136. Kerb: Higher Grade: Three months £147, 46, 45, 46, 46.5, 46.

Kerb: Three months £686.5, 98. Turnover: 3,575 tonnes. U.S. Prime Western 45.00-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	906-7	+8.25	905-6	+8.5
3 months	928-9	+8.25	927.5-8	+8

COFFEE

COFFEE	Yesterd'ys close	+ or —	Business Done
January	2238-45	+4.0	2245-28
March	2276-77	+0.5	2287-60
May	2281-82	-9.5	2301-72
July	2283-88	-12.0	2305-80
Sept.	2287-90	-9.0	2304-85
Nov.	2289-92	-3.0	2300-90
Jan	2280.00	+3.5	—

INDICES

FINANCIAL TIMES

Jan. 3	Jan. 2	M'th ago	Year ago
291.60	290.56	289.61	297.59

(Base: July 1 1952 = 100)

REUTERS

Jan. 4	Jan. 3	M'th ago	Year ago
1919.3	1916.0	1907.0	1968.4

(Base: September 18 1931 = 100)

MOODY'S

Dec. 27	Dec. 19	M'th ago	Year ago
965.9	966.4	—	14042.

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 27	Dec. 19	Month ago	Year ago
Spot	121.99	122.83	—	140.42
Fut	124.55	123.66	—	143.63

(Base: December 31 1974 = 100)

... reports Lewis and Peat. Closing prices (buyers): Spot 63.00p (same) Feb 72.75p (73.50p); March 73.75p (74.50p). The Kuala Lumpur Jan fob price for RSS No. 1 was 186.5 (187.5) and for SMR 20 was 181.5 (182.0).

POTATOES

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	66.45	67.25	66.35	66.69
May	67.35	68.00	67.20	67.93
July	68.05	68.65	68.00	68.55
Oct	68.36	68.40	68.40	68.60
Dec	68.45	68.75	68.40	68.75
March	69.40	69.90	69.90	69.90
May	70.30	—	—	70.55

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Feb	25.25	25.74	25.15	25.84
March	25.28	25.67	25.18	25.79
April	25.21	25.66	25.10	25.68
May	25.12	25.55	25.10	25.65
June	25.07	25.48	25.05	25.59
July	25.04	25.45	25.02	25.58
Aug	25.02	25.45	25.01	25.56
Sept	25.16	25.16	25.19	25.56
Oct	25.22	—	—	25.56
Nov	25.01	25.20	25.01	25.56

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	299.1	302.2	299.8	301.4
Feb	299.7	305.7	299.3	303.2
March	301.8	302.0	300.5	305.2
April	303.6	309.5	303.0	307.1

OIL

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
March	215.00	-0.75	216.00-13.00
April	210.75	-1.00	215.75-10.75
May	210.25	-2.25	215.50-10.25
June	211.00	—	211.00
July	208.50	-3.50	—
Aug	212.50	+1.50	—

Turnover: 3,751 (2,558) lots of 100 tonnes.

	Latest	Change + or —
Forcados (Nigeria)	26.70-27.15	-0.15
Urals (cif NWE)	26.70-27.00	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	235-237	—
Gas Oil	217-219	+1
Heavy fuel oil	181-184	—

*February.

Petroleum Argus Estimates

GOLD

Gold fell $2 an ounce from Thursday's close in the London bullion market yesterday to finish at $301¼-301¾. The metal opened at $302-302½ and traded between a high of $304¼-304¾ and a low of $301-301½. There was some resistance as gold touched $400 and it fell back as a result although there appeared to be some reluctance to push it below $300 ahead of the weekend.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Jan.	304.20-04.40	-0.10	305.20-05.50
Feb.	307.30-08.50	—	308.70-07.90

Turnover: 376 (517) lots of 100 troy ounces.

GOLD BULLION (fine ounce) Jan. 4

Close	$301¼-301¾	(£261-261½)
Opening	$302-302½	(£263-263½)
M'ni'g fix.	$303.45	(£263.297)
Aft'n'n fix.	$303.15	(£262.422)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$311-311¾	(£269½-270¼)
½ Krug.	$160¼-161	(£138¾-139½)
¼ Krug.	$81½-82½	(£70½-71½)
1/10 Krug.	$33½-34¼	(£28¾-29¾)
Maple leaf	$311-311¾	(£269½-270¼)
New Sov.	$71¼-71¾	(£61⅜-62¼)
½New Sov.	$43¼-44	(£37½-38¼)
Old Sov.	$72-73½	(£62½-63¾)
$20 Eagle	$530-560	(£459½-485¼)
Noble Plat	$283½-288½	(£245¼-248½)

LONDON STOCK EXCHANGE

MARKET REPORT

Authorities' fresh efforts to resist dearer money pressures put sparkle back in equity leaders

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 10	Dec 20	Dec 21	Jan 7
Dec 24	Jan 10	Jan 11	Jan 21
Jan 14	Jan 24	Jan 25	Feb 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

Fresh efforts by the authorities to resist current pressures for dearer money put the sparkle back in London stock markets yesterday. Leading shares bounced back impressively after their previous two-day setback and the FT Ordinary Share Index, at 941.0, regained 12.3 of its 23.6 fall. Government stocks also managed a braver face as sterling continued to pull away from its recent all-time low point against the dollar.

Prior to the mid-morning developments in UK money markets, blue chip equities had appeared uncertain in the wake of Wall Street's overnight dullness and Gilt-edged stocks somewhat reluctant to follow the sharp rally overnight in U.S. bonds. The situation, however, was transformed by the Bank of England's fresh assistance to credit markets, again at unchanged rates. This was enough to soothe fears of any immediate hike in base lending rates and send the key three-month interbank rate down quite sharply.

Institutional investors then reappeared for selected top-quality shares and surprisingly found stock in short supply, despite the recent sell-off. Prices soon responded and within minutes many professional operators were hurriedly closing bear positions opened only 24-hours earlier. Volume fell off after midday with traders content to await the December money supply statistics, due to be announced at 2.30 pm on Tuesday.

Business in the after-hours' trade was particularly sparse, but the firmer tone continued and the FT Ordinary Share Index closed at the session's highest. Over the four-day period, it was 5.2 lower.

The market in Government stocks was relieved by sterling's improved performance, but few investors were tempted to place any sizeable funds ahead of next week's money aggregates. Short-dated issues continued to attract the bulk of the day's business and moved up progressively to close around 1/16 higher. The longs were more lethargic and were seldom more than ¼ better at the end of the day.

Banks subdued

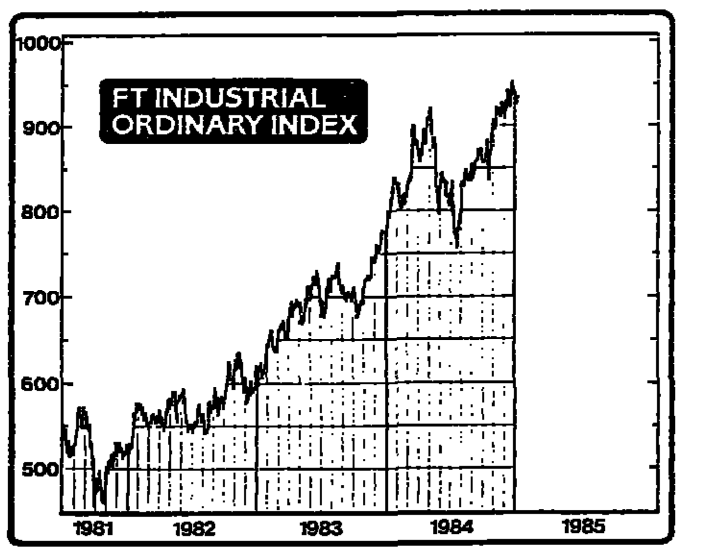
Subdued trading conditions persisted among the major clearing banks in the wake of Midland Bank's latest traumatic experience concerning its troubled U.S. subsidiary Crocker National. **Midland**, down 38 since announcing its decision to inject a further £216m into Crocker, eased afresh to 332p before staging a modest rally to close 3 dearer on the day at 338p. The other major clearers settled a few pence cheaper. Elsewhere in the sector, **Mercury Securities** continued its recent revival and rose 22 more to 460p in a market short of stock; associate **Akroyd and Smithers** moved up 25 to 390p in sympathy. Old takeover favourite **First National Finance** revived and gained 3½ to 77½p.

Composite Insurances encountered a small evenly balanced business, but **Sun Alliance** came under selling pressure on talk of a broker's bearish circular and the close was 15 down at the day's lowest of 428p.

Recent newcomer **Wardle Storeys**, a rising market since a New Year investment recommendation, moved up 13 more to 197p helped by talk that the group is set to announce an acquisition.

Allied-Lyons attracted a lively business and advanced 11 to 164p; the resignation of Mr Douglas Strachan is expected to herald a shake-up of the company's brewing operations and an announcement could be made next Tuesday. Other leading Breweries recovered from Thursday's malaise with **Whitbread A**, 217p, and **Bass**, 480p, regaining 6 and 8 respectively. Regionals featured renewed support of **J. A. Devenish** which responded anew to a "buy" recommendation from Sheppards and Chase and closed 40 up at 500p for a gain on the week of 80. **Morland** hardened 5 to 185p, but **Matthew Brown** encountered further profit-taking and eased 2 more for a fall on the week of 20 to 290p.

Leading Buildings staged a tentative rally in the absence of any further selling. Recently-dull **Tarmac** edged up to 504p prior to closing 4 dearer on balance at 502p. **Blue Circle** improved 7 to 475p, but **BPB Industries**, firmer initially at 268p, subsequently drifted back to close unchanged at 265p. Elsewhere, **Barratt Developments** revived strongly following a Press suggestion that the group may sell its U.S. operations and at the close was a net 10 up at 90p. **Leyland Paint**, which recently sold its wallpaper busines to William Morris Fine Arts, firmed 2 to 34½ on recovery hopes.



ICI traded quietly and settled a couple of pence harder at 726p. Interest among other Chemicals centred on the two current takeover favourites **Yorkshire Chemicals** gained 4 to 68p and **Arrow** 5 to 64p.

Stores quietly firm

Leading Stores made steady progress, albeit in rather subdued trading. **Burton** hardened 4 to 412p, while **Gussies A** rose 5 to 690p. Publicity given to a circular from brokers Grieveson Grant lifted **Marks and Spencer** a couple of pence to 117p. Demand for secondary issues proved to be selective. **W. H. Smith A** attracted late support and closed 6 to the good at 172p, while **John Menzies** rose a similar amount to 238p. Mail-orders also found buyers **Grattan** improved 6 to 158p, while **Empire**, 96p, and **Freemans**, 174p, advanced 4 apiece. Press comment stimulated "call" option activity in **Selincourt**, which improved ¾ for a two-day gain of 1½ to 16p.

Many leading Electricals ended the day with little alteration, but **Racal** edged up 6 to 262p and **BICC** put on 9 further to 242p; the latter announced the appointment of Sir William Barlow as chairman and chief executive earlier in the week. **British Telecom** closed ½ dearer at 106p. Elsewhere, revived bid speculation lifted **Telephone Rentals** 12 to 220p and **BSR** came to life with a gain of 10 at 146p. **Checkpoint Europe** rose 10 to 210p after the interim figures.

A firmer trend developed in the Engineering sector. **Hawker** picked up 9 to 429p and **GKN** improved 5 to 195p, while **TI** ended 4 higher at 236p. Elsewhere, **Whittington Engineering** featured a jump of 30 to 108p on news that Seaforth Investments had increased its stake in the company to 25.84 per cent. **Davy Corporation** revived with a rise 3 to 85p, while continuing bid speculation left **C. H. Bailey** up 1¼ more at 25¼. **Wm Boulton** hardened ½ to 6½p following the results and appointment of Mr John Briggs as chairman.

Associated Dairies came under selling pressure on talk of a broker's downgraded profits estimate and the close was 4 lower at 152p, after 150p; the interim results are due next Wednesday. Elsewhere in the Food Retailing sector, **Bejam** moved ahead strongly on persistent demand to close 11 higher at the day's best of 151p, while **Hillards** rose 8 to 344p in a restricted market. Food Manufacturers made a steadier showing. **Tate and Lyle** edged up 5 to 437p and **Rowntree Mackintosh** hardened 2 to 370p. **United Biscuits** picked up 3 to 198p and **Associated British Foods** firmed 4 to 202p.

Buying ahead of the annual results, expected around the middle of the month, lifted **Trusthouse Forte** 4 to 149p, after 150p. **Grand Metropolitan**, down 8 on Thursday following a 37m vendor share placing to finance a U.S. acquisition, fluctuated narrowly prior to closing unchanged at 298p.

Polly Peck up

Leading miscellaneous industrials staged a useful rally in response to an early flurry of buying and, although interest faded quickly most quotations held at day's best. **BTR** revived with a gain of 11 to 614p, while **BOC** put on 5 at 253p and **Pilkington Bros** closed a like amount dearer at 305p. **Hanson Trust** made further headway to 335p, up 3. Elsewhere, **Polly Peck**, 17 dearer at 227p, responded to an upgraded profits forecast from brokers L. Messel, while **Cornell** improved 8 to 203p in sympathy. Revived demand ahead of the preliminary figures, due around the end of the month, left **Rank Organisation** 10 to the good at 300p, while **Peter Black**, interim results expected on January 11, rose 7 to 205p. **British Aerospace** came to life with a rise of 10 to 375p and **EIS** were also noteworthy for a gain of 12 to 162p. **Vinten** became a better market and rallied 6 to 180p, but **Manchester Ship Canal**, good earlier in the week on buying ahead of figures, expected soon, gave up 8 at 232p. **Fisons** picked up 5 to2 95p, while Press mention helped **Redfearn National Glass** improve 3 further to 73p and **Associated British Ports** rose 4 to 188p.

Among Leisure issues, speculative muying lifted USM-quoted **Television Services** 15 to 165p.

Motor Components attracted limited support and generally displayed modest gains. **Dowty** advanced 5 to a 1984-85 peak of 189p, while similar rises were posted by **Lucas**, 253p, and **Flight Refuelling**, 295p. **AE** put on 4 to 116p in belated response to the chairman's cheerful annual statement, but a dull spot was provided by **Herman Smith**, down 3 at 18p.

Leading Properties began cautiously, but improved as buyers reappeared. Revived demand lifted **MEPC** 6 to 312p and **Land Securities** 2 to 308p. Elsewhere, **Percy Bilton** attracted occasional buying and moved up 6 to 230p. **Phoenix Property** added a penny more at 37p ahead of Monday's egm, but **Espley Trust** came under renewed selling pressure following adverse Press comment and fell 5 to 20p.

P & O Deferred spurted to 319p in active trading as investors were again encouraged by the prospect of a possible merger with Sterling Guarantee Trust; P & O eased after-hours and finally settled a net 5 dearer at 312 following the sale of its Anglo-French ferry operations to **European Ferries** for £12.5m; the latter hardened 1¼ to 127½p. Elsewhere, **Reardon Smith** met profit-taking and lost the turn to 20p, but still retaining a gain on the week of 10. The A shares dipped 2 to 10p.

Atlanta Investment Trust Warrants rose 6 to 44p as Grovebell, which has already claimed control of the company, agreed to offer holders 45p cash per Warrant. Elsewhere in Trusts, **Shires** eased 3 to 224p following the proposed rights issue. Stockjobbers **Smith Brothers** advanced 4 to 107p following favourable comment, while renewed takeover speculation lifted **Britannia Arrow** 2 more to 90p. **Robert Kitchen Taylor** rallied 7 to 127p in response to comment on the annual results.

Oils firmer

Leading Oils made good progress from the outset but generally failed to hold their best levels. **LASMO** were easily the sector's best performer and advanced to 328p on rumours of an oil discovery off the coast of Indonesia before slipping back to close a net 12 firmer at 325p following a statement from the company which said that the speculation was premature.

BP touched 480p prior to settling a net 4 higher at 477p, while **Shell** hardened a couple of pence to 647p and **Enterprise** 3 to 186p. **Britoil** initially rose to 190p but late profit-taking left the shares a fraction easier on balance at 187p. **Burmah** continued to reflect takeover speculation and added 2 at 222p, after 224p.

Second-line stocks, however, continued to drift on lack of interest with new 1984-85 lows common to **Charterhouse Petroleum** and **Carless Capel**, down 3 apiece at 103p and 157p respectively.

Persistent talk of a dry well in the Celtic Sea continued to depress Ireland's **Oliver Prospecting** which dropped 10 more to 140p for a week's decline of 60.

Golds rally

Mining markets remained *highly sensitive to minor movements* in the bullion price but still managed to end a difficult week on a reasonably firm note. The gold price maintained its precarious position just above the $300 an ounce mark and edged up to $304 during the morning, owing to the easier trend in the dollar, before slipping back to close a net $2 easier on balance at $301.5.

Gold shares followed suit with a fresh flurry of Continental bear closing pushing prices higher early on. During the afternoon many Golds eased a shade on the emergence of light selling from the U.S., but the sector as a whole managed modest overall gains as measured by the Gold Mines index which rallied 7.7 to 459.0. Over the shortened week the index showed a 15.1 decline.

Top quality stocks were major beneficiaries of bear closing with **Vaal Reefs** outstanding and finally £2 to the good at £69¼. **Free State Geduld** and **Driefontein** added ¾ apiece at £19¾ and £21½ while **Western Holdings** rose ½ to £24¼.

Among South Africans **De Beers** rose 4 to 352p: the 1984 diamond sales figure is expected in the next couple of weeks.

Peko-Wallsend were a notably weak performer in a generally depressed Australians sector.

Other leading diversified mining stocks drifted on a general lack of interest. **Western Mining** dipped 9 to 189p, **MIM Holdings** 5 to 161p and **CRA** 6 to 342p.

Elsewhere, profit-taking left **Geevor** 3 off at 217p but retained a week's gain of 17.

Demand for Traded Options continued to improve. Total contracts struck amounted to 7,995 bringing the shortened week's average to a respectable 6,949. **British Telecom** was again to the fore with 1,383 calls done, 537 in the February 110's. BT also attracted 960 puts. **Imperial Group**, due to announce interim figures next month, recorded 855 calls, over half of which were transacted in the February 180s.

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (76)

CORPORATION LOANS (1)
Herts 6¼pc '85-87

FOREIGN BONDS (2)
Hungary '24 Ass; Ireland 9¾pc '91-96

AMERICANS (2)
GATX; Pall Corp

BANKS (1)
Hongkong & Shanghai

BREWERS (1)
Clark (M.)

BUILDINGS (2)
Jarvis (J.); Leyland Paint

CHEMICALS (1)
Coats Bros

STORES (3)
Liberty; T. & S. Stores; Steam & Simpson A

ELECTRICALS (4)
Cable & Wireless; Microlease; Microgen; Telecomputing

ENGINEERING (7)
Braham Millar; Stothert & Pitt; Brit Steam Spec; Weir; Firth (G. M.); Do 10pc Cnv Pref; Saville Gordon

FOODS (5)
Bejam; Normans; Fitch Lovell; Pyke Hldgs; Hillards

HOTELS (1)
Trusthouse Forte

INDUSTRIALS (20)
Black (P.); Pentos; Bowater Inds; Rank Org; Brammer; Sale Tilney; China Light; Scapa; Cope Allman; Staffs Pott 10pcCRPf; Hawtal Whiting; Swire Pacific A; High-Point Services; TSL Thermal Synd; Hutchison Whampoa; Technology for Bus; Kelsey Inds; Whatman Reeve Ang; Kershaw (A.); Wood (Arthur)

LEISURE
Television Services

MOTORS (3)
AE; Jessups; Dowty

NEWSPAPERS (3)
Bristol Ev Post; Collins (William) A; Collins (William)

PAPER (1)
Fitch

PROPERTY (1)
Grainger Trust

SHIPPING (1)
Gotaas-Larson

TEXTILES (2)
Allied Textile; Coats Patons

TOBACCOS (1)
Imperial

TRUSTS (13)
Danae (Inc); Barrie Inv & Fin; Derby Trust Inc; Duncan (W.) G'drícke; Electric & Gen Inv; Ind Fin & Inv Corp; Equity Consort Dfd; M & G Group; GT Global Recovery; Silvermines; Lancs & London Inv; SE £4¼pc Ann; Murray Smaller Mk B

NEW LOWS (23)

AMERICANS (1)
Corporate Data Science

STORES (1)
Bolton Textile

ELECTRICALS (4)
Kode Intl; Telecomputing; Murray Tech Invs; Wordplex Info

ENGINEERING (1)
Hobson

INDUSTRIALS (2)
Anglo-African Fin; Ramco Oil

LEISURE (2)
Aspinall; Radio City A NV

PAPER (1)
Hoggett Bowers

TEXTILES (1)
Carless Capel; Oilfield Inspec Ser; Nova Jersey

OILS (6)
Charterhouse Pet; Petrolex; Firstland Oil & Gas; Ranger Oil

MINES (4)
Winkelhaak; Utd Goldfields NL; Whim Creek; Zambia Copper

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 17	Jan 4	Mar 21	Apr 1
Jan 7	Jan 18	Apr 11	Apr 22
Jan 21	Feb 1	Apr 25	May 7

For rate indications see end of Share Information Service

Money was given for the call of North Kalgurli, Clive Discount, Polly Peck, Barratt Developments, Southwest Res, Jardine Matheson, Premier Oil, Midland Bank, Rowntree Mackintosh, Spear and Jackson, Aquascutum, S. W. Wood, Burco Dean, Keep Trust, International Petroleum, Associated Newspapers, Mills and Allen International, Selincourt, Ultramar and Commercial Union. A put was done in Polly Peck, while a double was transacted in C. H. Bailey.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	97	0	7	132	213	71
Corpns. Dom. and Foreign Bonds	28	10	35	43	83	168
Industrials	380	223	830	1,160	1,227	3,339
Financial and Props.	118	96	329	389	509	1,278
Oils	15	40	69	81	147	274
Plantations	3	3	11	9	17	42
Mines	40	55	83	107	179	424
Others	49	94	74	290	295	298
Totals	730	521	1,438	2,211	2,670	5,892

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BOC	253	+5	Rank Org	300	+10
Davy Corp	85	+3	Royal Insurance	516	−2
GKN	195	+5	Smith and Nephew	220	+2
Jaguar	254	+2	Sun Alliance	428	−15
LASMO	325	+12	Vickers	215	+3
P&O Dfd	312	+5	Wardle Storeys	197	+13

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Fri Jan 4 1985: Index No.; Day's Change %; Est. Earnings Yield% (Max.); Gross Div. Yield% (ACT at 30%); Est. P/E Ratio (Net). Thur Jan 3, Wed Jan 2, Mon Dec 31, Fri Dec 28: Index No. Year ago (approx.): Index No. Highs and Lows Index: 1984-85 High, Low; Since Compilation High, Low.

No.	Equity groups & sub-sections	Values
1	CAPITAL GOODS (207)	[illegible]
2	Building Materials (23)	[illegible]
3	Contracting, Construction (30)	[illegible]
4	Electricals (15)	[illegible]
5	Electronics (36)	[illegible]
6	Mechanical Engineering (60)	[illegible]
8	Metals and Metal Forming (8)	[illegible]
9	Motors (18)	[illegible]
10	Other Industrial Materials (17)	[illegible]
21	CONSUMER GROUP (179)	[illegible]
22	Brewers and Distillers (23)	[illegible]
25	Food Manufacturing (20)	[illegible]
26	Food Retailing (12)	[illegible]
27	Health and Household Products (9)	[illegible]
29	Leisure (25)	[illegible]
31	Newspapers, Publishing (13)	[illegible]
32	Packaging and Paper (14)	[illegible]
34	Stores (45)	[illegible]
35	Textiles (19)	[illegible]
36	Tobaccos (3)	[illegible]
41	OTHER GROUPS (97)	[illegible]
42	Chemicals (17)	[illegible]
44	Office Equipment (4)	[illegible]
45	Shipping and Transport (13)	[illegible]
46	Miscellaneous (61)	[illegible]
48	Telephone Networks (2)	[illegible]
49	INDUSTRIAL GROUP (483)	[illegible]
51	Oils (17)	[illegible]
59	500 SHARE INDEX (500)	[illegible]
61	FINANCIAL GROUP (118)	[illegible]
62	Banks (6)	[illegible]
65	Insurance (Life) (9)	[illegible]
66	Insurance (Composite) (7)	[illegible]
67	Insurance (Brokers) (6)	[illegible]
68	Merchant Banks (12)	[illegible]
69	Property (53)	[illegible]
70	Other Financial (25)	[illegible]
71	Investment Trusts (105)	[illegible]
81	Mining Finance (4)	[illegible]
91	Overseas Traders (14)	[illegible]
99	ALL-SHARE INDEX (741)	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Jan 3	Jan 2	Dec 31	Dec 28	Year ago	1984-85 High		1984-85 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1214.6	+8.5	1215.7	1204.7	1206.1	1220.8	1232.2	1225.6		1232.2	31/12/84	986.9	23/7/84	1232.2	31/12/84	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Jan 4	Day's change %	Thur Jan 3	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.29	+0.38	117.00	0.16	0.16
2	5-15 years	128.16	+0.16	127.95	—	[illegible]
3	Over 15 years	134.75	+0.23	134.44	—	[illegible]
4	Irredeemables	147.56	+0.28	147.14	—	[illegible]
5	All stocks	127.13	+0.25	126.87	0.06	0.06
6	Debentures & Loans	108.53	+0.39	107.91	—	[illegible]
7	Preference	77.53	+0.13	77.43	—	[illegible]
	BRITISH GOVERNMENT INDEX—LINKED STOCKS					
8	All stocks	109.12	+0.13	108.98	—	0.00

AVERAGE GROSS REDEMPTION YIELDS (Fri Jan 4; Thur Jan 3; Year ago (approx.); 1984 Highs; Lows): British Government Low Coupons 5 years, 15 years, 25 years; Medium Coupons 5 years, 15 years, 25 years; High Coupons 5 years, 15 years, 25 years; Irredeemables; Debs & Loans 5 years, 15 years, 25 years; Preference; Inflation rate 5% 5 yrs, 10% 5 yrs — values [illegible].

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Other Consumer	31/12/80	238.14	Mining Finance	29/12/67	100.00
Health/Household Products	30/12/77	261.77	All Other	10/04/62	100.00
Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Overseas Traders	31/12/74	100.00	Do. Index-linked	30/04/82	100.00
Mechanical Engineering	31/12/71	153.84	Debs. & Loans	31/12/77	100.00
Office Equipment	16/01/70	162.74	Preference	31/12/77	76.72
Industrial Group	31/12/70	128.20	FT-SE 100 Index	30/12/83	1000.00
Other Financial	31/12/70	128.06			

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: BPM Holdings (32) has been deleted and replaced by Watsham's (4).

FINANCIAL TIMES STOCK INDICES

	Jan. 4	Jan. 3	Jan. 2	Dec. 31	Dec. 28	Dec. 27	year ago
Government Secs.	81.13	81.00	81.21	81.71	81.68	81.56	83.54
Fixed Interest	85.04	84.96	85.27	85.35	85.54	85.35	87.16
Ordinary	941.0	928.7	940.4	952.3	949.2	939.0	794.5
Gold Mines	459.0	451.3	473.3	478.9	474.1	470.6	557.1
Ord. Div. Yield	4.56	4.65	4.57	4.53	4.56	4.63	4.49
Earnings, Yld.% (full)	11.65	11.77	11.63	11.51	11.60	11.77	9.15
P/E Ratio (net) (*)	10.51	10.20	10.32	10.46	10.38	10.20	14.32
Total bargains (Est.)	21,515	23,076	19,243	17,523	14,111	12,091	30,854
Equity turnover £m.	--	542.70	252.38	245.69	189.38	118.7	373.64
Equity bargains	--	22,282	18,909	18,264	14,810	9,898	25,789
Shares traded (ml)	—	196.4	136.4	131.0	115.9	69.2	220.8

10 am 929.4 11 am 938.7. Noon 941.0. 1 pm 940.4. 2 pm 940.4 3 pm 940.6.

Basis 100 Govt. Secs. 15/1/26 Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55 SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.97.

HIGHS AND LOWS / S.E. ACTIVITY

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Sec.	83.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.45 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	952.3 (31/12/84)	755.3 (23/7/84)	952.3 (31/12/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	451.3 (3/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

	Jan. 3	Jan. 2
Daily Gilt Edged Bargains	135.4	94.8
Equities Bargains	144.4	122.6
Value	692.7	469.7
5-day Average Gilt Edged Bargains	98.6	77.0
Equities Bargains	108.7	99.6
Value	455.5	421.8

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, January 3, 1985.

Telephone Networks	−0.07	Health and H'sehold Products	−1.65
Insurance (Composite)	−0.16	Chemicals	−1.72
Insurance (Life)	−0.32	Food Manufacturing	−1.76
Shipping and Transport	−0.48	Contracting, Construction	−1.81
Merchant Banks	−0.71	All-Share Index	−1.87
Other Groups	−0.85	Tobaccos	−1.97
Electricals	−0.90	Banks	−1.99
Metals and Metal Forming	−0.96	Industrial Group	−2.00
Mining Finance	−1.02	Leisure	−2.06
Property	−1.15	500-Share Index	−2.07
Overseas Traders	−1.15	Capital Goods	−2.11
Investment Trusts	−1.16	Textiles	−2.44
Financial Group	−1.17	Building Materials	−2.47
Motors	−1.19	Consumer Group	−2.54
Mechanical Engineering	−1.26	Oils	−2.64
Newspapers, Publishing	−1.33	Food Retailing	−2.78
Office Equipment	−1.47	Electronics	−2.83
Other Industrial Materials	−1.59	Brewers and Distillers	−3.40
Insurance Brokers	−1.60	Stores	−3.57
Packaging and Paper	−1.63	Gold Mines Index	−5.76

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Hanson Trust	15	332	−1	Wardle Storeys	13	184	+6
Midland Bank	15	335	−10	Glaxo	12	£11	—
BTR	14	603	−9	Trusthse Forte	12	145	+2
BAT Inds	13	340	—	Bailey (C.H.)	11	24½	+2
De Beers Dfd.	13	348	−14	Mercantile Hse	11	333	−12
Dixons Group	13	556	−6	Rothmans "B"	11	183	−4
Powell Duffryn	13	435	—	Shell Transport	11	645	−5

4-DAY ACTIVE STOCKS

Based on bargains over the four-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Hanson Trust	78	332	+14	Hepworth (J.)	55	172	+8
Brown (M.)	73	292	+10	BP	55	473	−2
Midland Bank	73	335	−29	Brit Telecom	52	105½	+6
BTR	64	603	+9	Lucas Inds	52	248	+8
Thorn EMI	62	463	+15	Pilkington Bros	51	300xa	+9
Guinness (A.)	59	228	+8	Shell Transport	51	645	[illegible]
BAT Inds	56	340	−13	Grand Met	48	298	[illegible]

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. [illegible] capital; [illegible] yield. F Dividend [illegible] H Dividend [illegible] Q Gross [illegible] holders [illegible] §§ Reintroduced [illegible] over. [illegible] Market. [illegible] ‡‡ Dealt in under Rule 535(3). [illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the three previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. ΔBargains done with non-member or executed in overseas markets.

FII Gp 7.7pcPf 1995-99 (£1) 11 2
Fenner (J. H.) (Hldgs) 3.85pcPf (£1) 41
Fine Art Developments 8¼pcLn 1986-91 £78 (2/1)
Fisons 5½pcLn 2004-09 £55 (2/1)
Fitzwilton 6½pcPf (IR£1) IR£0.28
Folkes (John) Hefo (5p) 26 (31/12)
Ford Intnl Capital 6pcLn 1981-87 £110½
Fortnum Mason (£1) £24½ (28/12)
Fosaco Minsep 4¾pcPf (£1) 50½. 10pcLn 1990-95 £115
Francis Inds 9pcLn 1994-99 £76¼ (2/1)

Readicut Intnl 8¾pcLn 1988-93 £77 ¼
Reckitt Colman 5pcPf (£1) 43. 6¼pcDb 1985-90 £81¼
Redfearn Natl Glass 7pcPf (£1) 40 (2/1)
Rodland 5pcPf (£1) 56 (31/12). 7½pcDb 1990-95 £81 (28/12)
Reed (Austin) Group 168. 8pcPf (£1) 60 (2/1)
Reed Intnl 7pcPf (£1) 59 (31/12). 7¼pc Ln £58 ½. Do 1986-2001 £71½: 2. 10pcLn 2004-09 £85 6½ 7
Reed Publishing Hldgs 3½pcDb 1983-88

Greenfriar Wts 100 (31/12)
Hambros 6¼pcDb 1981-86 £91½ (2/1)
Inv Tst Guernsey (50p) 123⊕
Japan Assets New (10p) 57 ½. Wts 22½ 3½. New Wts 22½ 3 ½. 4½pcLn 1984 £104 5. New 4½pcLn 1984 £2 3 ½ 4 5
Lake View 5pcPf £40 (2/1)
Law Debenture 5pc2ndDb 1983-88 £85‡ ¼‡ (31/12)
London St Lawrence (5p) 45½
London Tst 4pcPfd (£1) 49 (2/1)

Edinburgh Inv Tst 7½pcDb 1995 £79‡ ½‡ (31/12)
English National Dfd 71
FC Eurotrust 5¼pcLn 1996 £0.08 7 ½ 8 9 10
Flag 10½pcDb 1991-96 £94½⊕
Fleming Mercantile 4¼pcDb £35½
Foreign Col 5pcPf (£1) 43
GBC Capital 91½ 2½ 3. Wts 21 ½
Gartmore American Secs 11¼pcDb 2014 £98½ (2/1)
Globe 5½pcLn 1987-91 £190. 11½pcLn 1990-95 £198 9 ½‡ ½ ‡ 200 ½ 2

UNLISTED SECURITIES MARKET

Access Satellite Intnl (5p) 190. New (5p) 190
Applied Botanics 12pcLn 1995-2000 £92 (31/12)
Applied Holographics Wts 160 (2/1)
Biomechanics Intntl (10p) 18
Breakmate (10p) 111
CVD Inc 147 8
City Site Ests 10pcPf (20p) 66
Cliff Oil B 50. Wts B 18 (2/1)
Craton Lodge Knight (1p) 192

DDT Grp (5p) 177 (2/1)
Eldridge Pope A (£1) 180
Gabicci (5p) 91 2 3
Gibbs Mew 135 8 40 (2/1)
Health Care Services 26
INSTEM (10p) 227 30 1 2
Intervision Video (Hldgs) 7pcPf (£1) 30 (2/1)
Klark-Teknik (5p) 115 7
Optometrics (U.S.A.) ($0.01) 53 4 6½. New ($0.01) 52 3 4 ½ 5 6 ½ 7 8
Paul Michael Leisurewear (5p) 25
Petrolex (5p) 57 8 9 (31/12)
Share Drug Stores (10p) 205 6 7 8
Synterials (10p) 28½ (2/1)
Technology for Business 7pcPf (£1) 116 (2/1)
UDO Hldgs (10p) 126⊕
Utd Friendly Insurance B (10p) 305 7 8
Williams (Rex) Leisure New (5p) 20 1

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals 10⊕
Abrolhos Oil and Invest 7½⊕ (31/12)
Actinor AS NKr198
Aetna Life and Casualty £51¼ (31/12)
Ahold NV £47 ½ (2/1)
Alliance Oil Devel 73½⊕
Amad 6 (2/1)
American Home Products £42½
Ames Department Stores £23¼⊕
Ampol Exploration 153⊕ 5 (28/12)
Ampol 123 4
APM Ord 153 5
Amsterdam-Rotterdam Bank £16.06
Apex Oil (A$0.25) 17½⊕
Apple Computer £24¼⊕
Ashton Mining 57⊕
Associated Dry Goods Con £44½⊕
Australian Foundation Invest 105
Australian Guarantee Corpn 185⊕ (28/12)
Australian Oil and Gas 3½ 3¼ (28/12)
Avnet Inc £29.45 (31/12)
Basic Resources Intnl (Bahamas) 45 (28/12)
Bayerische Motoren Werke U.S.$117½⊕ (31/12)
Beach Petroleum 44½⊕ (2/1)
Berjuntai Tin Dredging 140 (2/1)

Target Petroleum (A$0.15) 11 (31/12)
Teck Corpn B 650
Tooth 415 (28/12)
Tri-Continental Corpn £21½ (28/12)
Unilever NV (Fl 20) U.S.$88.20⊕
United Overseas Bank 163⊕ 4⊕
Volkswagenwerk AG £58½ (31/12)
Wang Laboratories Class B £20¾⊕
Waste Management £37¼ (31/12)
Westgrowth Petroleum 23⊕ (2/1)
Westinghouse Electric £22¼⊕ (28/12)
Wheelock Marden A 43½ 4½
Williams £25¼ (2/1)
Winsor Industrial Corpn 63½
World Intnl (Hldgs) 18½
Wormald Intnl 19½⊕ (28/12)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Abbey National Bldg Soc 10pcBds due 13/12/85 £99.833pc .838pc (2/1)
Airship Industries 7 ½ (28/12)
All England Law Tennis Gnd £50Db 1981-85 £5,400 50 500 600 (3/1)
Alliance Bldg Soc 10⅟₁₆pcBds due 6/12/85 £99.892pc .897pc .907pc .912pc (2/1)
Allied Entertainments (£1) 105½ 6 (31/12)
Anglo-Am Agric 34 ½ 5 ¼ 40 ½ (31/12)
Ann Street Brewery (£1) 380 (31/12)
Avesco (1p) 53 ¾ 4 (2/1)
Burrough (James) 275 (28/12)
CIC Invest (1p) ¼ ¾ ½ 33/64 ⁹⁄₁₆ (3/1)
Ciba-Geigy 8pc 1981-94 £229¼pc 300pc
Crown Int Prod (10p) 59 60 (3/1)
Dalkeith (Ceylon) (10p) 17 18 (2/1)
Deborah Services (5p) 61 5 (31/12)
Edenspring Invs (1p) ½ ¾ 1¼ (3/1)
Five Arrows (£1) (Bearer) 315 25 (3/1)
Hartley Baird (5p) 3 4 (3/1)
Highland Participants 83 6 (28/12)
ICE Group (1p) £11.60 70 (3/1)
Integrated Business Comms (5p) 75 (3/1)
Jennings Bros 162 6 (31/12)
Jersey (States of) 6pcLn 1975-95 £78⅝ (3/1)
Jersey (States of) 6½pcLn 1981-86 £91¼ (3/1)
Jersey Gas 3pcPf 21 (3/1)
Jersey Gas 5pcAPf 35 (3/1)
Kunick Leisure (10p) 33½ (3/1)
Leisure Investments 426 30 (3/1)
Marlborough Technical Mngt 155 (3/1)
Memcom Intl (10p) 220 5 (31/12)
Newgate Trust (5p) 3½ 4 ¼ (31/12)
Oldham Estas 94 5 (3/1)
Pitencrieff Pet (£1) 105 (31/12)
Rangers FC £13½ (3/1)
Seymours 4pcPf 49 (31/12)
Taddale Invests (10p) 24 5 6 (3/1)
TR North America Inv 4pcDb 1980-90 £67½ ¾ (3/1)
TR Property Inv 5½pcDb 1982-92 £66¾ ¾ (3/1)
Union Jack Oil 100 (28/12)
Wistech 10½ (3/1)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$320	—	—	—	—	4	16	$303.70
GOLD C	$325	35	4	25	9	—	—	"
GOLD C	$350	—	—	10	5	—	—	"
GOLD C	$380	—	—	—	—	6	3.80	"
GOLD P	$280	10	3.40	—	—	10	8.50 A	"
GOLD P	$300	5	7.50	1	11	24	11	"
GOLD P	$320	—	—	—	—	77	22	"
GOLD P	$325	—	—	70	23	—	—	"
		Mar.		June		Sept.		
SILVER C	$700	10	11	24	25	—	—	$609
SILVER P	$550	—	—	8	10	—	—	"
SILVER P	$600	8	25	—	—	—	—	"
SILVER P	$700	40	90	—	—	—	—	"
$/FL C	Fl.340	20	18	—	—	—	—	Fl.357.25
$/FL C	Fl.345	194	14.30	—	—	—	—	"
$/FL C	Fl.355	46	7.50	142	10	3	11	"
$/FL C	Fl.360	122	4.50	2	8.50	5	8.80	"
$/FL P	Fl.320	26	0.80	—	—	—	—	"
$/FL P	Fl.325	3	1	5	3.60 B	—	—	"
$/FL P	Fl.330	58	1.80 A	—	—	—	—	"
$/FL P	Fl.335	1	2.40 A	10	5.90	—	—	"
$/FL P	Fl.340	19	3.30	6	8.20	—	—	"
$/FL P	Fl.345	29	4.50	7	10	3	13.50	DM318.45
$/DM C	DM310	100	9.30	—	—	—	—	DM317.35
$/DM P	DM280	150	0.60	—	—	—	—	"
$/DM P	DM285	150	0.90	—	—	—	—	"
$/DM P	DM310	6	5	—	—	—	—	"
£/$ C	P$120	50	0.80	—	—	—	—	$115.33
£/$ P	$115	3	2.70	—	—	—	—	"
		Jan.		Apr.		July		
ABN C	Fl.360	132	15	14	26.80	16	28 B	Fl.374
ABN P	Fl.380	25	9	—	—	—	—	"
AEGN C	Fl.140	321	15.50 B	33	19	14	22.50	Fl.156
AEGN P	Fl.140	—	—	47	1.60	6	3.50	"
AH C	Fl.200	95	2.60	27	8.10	6	10.50	Fl.196.50
AH P	Fl.180	5	0.20	—	—	—	—	"
AKZO C	Fl.100	1112	3.80 A	440	8.50	64	9.80	Fl.102.40
AKZO P	Fl.100	265	1.40	358	3.90	125	6.40	"
AMRO C	Fl.65	208	3.60	163	5.90	7	6.70 B	Fl.66.40
AMRO P	Fl.65	22	0.30	12	1.90	—	—	"
GIST C	Fl.170	47	5.30	16	11.60	—	—	Fl.173.80
GIST P	Fl.170	—	—	29	3.50	—	—	"
HEIN C	Fl.150	110	2.60	116	7.40	5	9	Fl.149.10
HEIN P	Fl.150	—	—	26	5.20 B	—	—	"
HOOG C	Fl.70	1287	1.70	642	4.70	204	6.70	Fl.68.70
HOOG P	Fl.70	363	2.10	519	4.50	32	4.80	"
KLM C	Fl.45	495	2.70	326	6.20	61	7.30	Fl.47.20
KLM P	Fl.45	220	0.40	148	1.80	—	—	"
NEDL C	Fl.150	135	4.70	18	11.80	—	—	Fl.152.20
NEDL P	Fl.150	32	1.80	14	5.50 A	1	8 A	"
NATN C	Fl.250	125	16	29	20.50	6	21 B	Fl.265.50
NATN P	Fl.250	—	—	112	2	5	6.50	"
PETR C	Fr.7000	—	—	20	500	—	—	Fr.6950
PETR P	Fr.6500	20	70	—	—	2	200	"
PHIL C	Fl.55	650	1.80	224	3.90	44	4.50	Fl.56.30
PHIL P	Fl.50	8	0.10	179	0.50	2	1.30	"
RD C	Fl.160	602	1	429	6.10	36	7	Fl.176
RD P	F.170	228	0.80	83	4	16	6.70	"
UNIL C	Fl.300	53	15.50	4	21.50	—	—	Fl.316
UNIL P	Fl.300	16	1 A	7	5	—	—	"

TOTAL VOLUME IN CONTRACTS: 23,347.

A=Ask B=Bid C=Call P=Put

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01-236 1833

High Income				
Gilts & Fixed Int.	111.4	117.9xd	+0.6	10.18
High Inc Equity	67.5	71.8xd	...	6.27
Worldwide Bond	159.1	169.3xd	...	5.70
Capital Growth				
American Growth	116.8	124.3xd	-0.2	1.53
Assets & Engs. Tt.	68.4	73.2	+0.7	3.21
Capital Reserve (1)	55.7	56.0	+0.3	0.75
Commodity & Engy	73.7	78.8	-0.7	2.83
General	100.2	107.2	+0.1	2.84
Japan	160.8	172.0	-2.6	0.00
UK Growth	64.2	69.0	+0.3	2.23
Acc. Units	90.6	97.4	+0.3	2.23
U.S. Emerging Co's	50.5	54.0	+0.2	0.48
Equity Prog.	147.9	158.2	+1.0	2.73

Albion Home
30, City Road, EC1Y 2AY. 01-628 6626

American Tech Fd.	122.0	130.5	-1.1	0.10
Exempt	417.1	442.2	...	—
Pacific Fd.	131.5	140.7	-0.5	0.20
Secured Income Fd.	135.5	145.0	+0.6	5.88
Special Sits	158.1	169.2	+0.6	1.56
Energy Fd.	36.3	38.8	-0.7	0.60
American Majors	54.1	57.9	-0.1	2.26
Small Co's Fd (10for1)	28.3	30.2	+0.1	1.97
Jap. Technology	67.0	71.6	-0.1	0.20

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hatton, Brentwood, Essex Brentwood. (0277) 211459 & 229123

Balanced Trusts and Income Trusts				
First Trust	155.1	164.9	+1.4	4.29
Growth & Inc Trust	99.1	105.0	+0.9	3.75

Britannia Group—Continued

General Funds				
UK Growth (Domestic)†	29.7	31.7		
Exempt Funds				
Exempt†	54.1	56.7		
Ex. Mt. L'Cs	61.2	64.1xd		
NEL Trusts				
Nelstar Gilt & F I	66.2	67.9		
Nelstar High Income	56.8	59.2		

Brown Shipley & Co. Ltd. (a)(g)
9-17 Perrymount Rd, Haywards Hth

B.S. Fund	46.4	49.9
B S Accum	74.1	79.6
Financial	88.7	94.9
Growth Accum	157.1	169.1
Growth Income	103.3	111.0
High Income	45.0	48.3
Income	50.0	53.7
North American	48.1	51.7xd
Orient	50.5	54.2
Recovery	24.9	26.7xd
Technology	147.0	158.0
Exempt	149.8	161.0

Buckmaster Management Co. Ltd.
The Stock Exchange, EC2P 2JT.

General Inc Jan 3	154.6	162.9xd
Accum Units Jan 3	237.4	249.2
Income Jan 2	72.4	76.5
Accum Units Jan 2	118.6	125.2
Intl Jan 2	107.2	112.2
(Accum Units) Jan 2	138.8	145.2
Smaller Co's Jan 4	892.8	956.0xd
(Accum Units) Jan 4	933.6	999.7

Canada Life Unit Trust Mngrs. Ltd.
2-6 High St, Potters Bar, Herts.

Can. Gen Dist.	85.4	89.9
Do. Gen. Accum	129.0	135.7
Do. Income Dist.	58.3	61.4
Do. Inc. Accum.	111.5	117.3
Gilt & Fxd. Int. Trust	34.1	35.9

Cannon Fund Managers Ltd. (z)

[illegible]

INSURANCES

[illegible]

هكذا صار الأصل

هكذا اصل الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Inv. Adv., M & G Inv. Mngt. Ltd London.

WwdGthFd	$11.20	—0.04	—

Wren Commodity Management Ltd
10, St George's St, Douglas, IoM. 0624 25015

Wren Com Fd	12.7	13.2	....	3.10
Chinese Fd	58.8	61.2	....	1.70
PrecMetFd	80.3	83.6	....	8.30
VangCmdyFd	22.8	23.4	....	—
FinFuturesFd	32.4	33.8	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg

Dynamic Grth Fd	$8.80	+0.03	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4S 4ST 01-236 0952				
Call Fund	8.54	8.72	6mth	Call
7-day Fund	8.97	9.18	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	8.77	8.95	6mth	Call
7-day Fund	8.93	9.04	6mth	Call
Mny Mg Ac	8.75	9.04	6mth	Call
Dollar	7.25	7.38	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
TreasuryAcc	9.375	9.71	Qtr	Call
MthIntChq	9.25	9.65	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	9.45	9.87	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton. 0604 252891				
High Int Chq	9.75	10.11	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ. EC2M 5QL. 01-355 2777				
Cater Allen	9.00	9.38	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01 248 3999				
Sterling	9.25	9.652	Mth	Call
U.S. Dollar	8.00	8.399	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
78-80 Cornhill, EC3. 01-626 6543 Ext 465				
Under £1,000	8.00	8.24	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE. 0803 862271				
MnyMktAcc	9.50	9.84	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2P 01 628 8060				
MyMtChqAc	9.45	9.87	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH 01-409 3434				
Notice Dep	10.00	10.25	Rat	14-day
M & G Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
HighIntChqAc	9.30	9.74	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	9.30	9.62	Qtr	Call
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire, WA14 2DW. 061-928 9011				
Cheque Acc	9.75	10.20	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford, RM1 3LB. 0708 66966				
HighIntMkAc	9.00	9.41	Daily	Call
Premier Acc	9.00	9.41	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX 0272 732241				
Demand Acc	9.02	9.33	Qtr	Call
Money Acc	9.125	9.44	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 827733				
Special Acc	9.00	9.38	Mth	Call
Over £10,000	9.25	9.65	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. § Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
105⅝	100	Treas. 15pc 1985	100	+	14.93	10.15
102¼	100	Exch. 12pc Cnv. '85	100	+	11.95	10.02
97	93	Treas 3pc 1985	97	+	3.08	10.23
102⅝	99	Treas 11½pc 1985	100⅝xd	+	11.43	10.34
99¾	96	Treas 8¼pcCnv '85	98	+	8.85	10.49
104	99	Exch. 12¼pc 1985	101	+	12.09	10.57
103	99	Exch. 11½pc '86	101	+¼	11.63	10.68
102	96	Treas. 10pcCnv 1986	99	+¼	10.09	10.72
93	88¼	Treas 3pc 1986	93	+	3.22	8.39
102	96¾	Exch. 10½pc Cv '86	99	+	10.55	10.84
104	99	Treas 12pc 1986	101	+¼	11.84	10.96
98	93½	Treas 8¾pc 1984-86‡‡	96¾xd	+¼	8.75	10.93
108	102	Exch. 14pc 1986	104⅝	+¼	13.38	11.06
89	85	Exch. 2½pc 1986	88	+¼	2.82	9.21
107	100	Exch. 13¼pc 1987	103⅞xd	+	12.76	11.09
100¾	94½	Treas 10¼pcCv '87	98⅝xd	+	10.39	11.18
87¼	83	Exch 2½pc 1987	86	+	2.90	9.82
101	94½	Exch. 10½pc 1987	98	+¼	10.64	11.15
92	87	Funding 6½pc '85-87‡‡	91⅛	+½	7.13	10.93
99	92	Treas. 10pc 1987	97	+¼	10.29	11.14
86	81	Treas 3pc 1987	85¼xd	+¼	3.52	9.76
105	97¾	Treas. 12pc 1987	101¾	+¼	11.79	11.23
94	87	Treas 7¾pc 1985-88‡‡	92xd	+¼	8.42	10.91
100¼	92	Exch 10½pc '88	97	+	10.73	11.38
98	89	Treas 9¾pc Cv '88	95	+	10.20	11.33
82¼	77	Transport 3pc '78-88	81	+	3.67	9.23
96	88	Treas. 9½pc '88	94	+	10.09	11.40
106¼	94	Treas 11½pc 1989	100	+	11.48	11.41
96	87	Treas 9½pc Cnv. '89	94	+½	10.09	11.23
99	90	Treas 10½pc 1989	97	+	10.76	11.19
100	88	Exch 10pc 1989	95¾xd	+	10.46	11.35
101	94	Exch 11pc 1989	98	+	11.17	11.40
85	77½	Treas 5pc 1986-89	80	+	6.18	10.00

Five to Fifteen Years

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
114	100¼	Treas 13pc 1990‡‡	105¾xd	+¼	12.28	11.39
110	100¾	Exch. 12½pc 1990	107	+¼	12.05	11.52
94	84	Treas 8¼pc 1987-90‡‡	90	+¼	9.21	10.83
98	90	Treas. 10pcCv 1990	95	+¼	10.66	11.47
109	94	Treas 11¾pc 1991	100¼xd	+¼	11.65	11.55
84	75	Funding 5¾pc '87-91‡‡	82	+¼	7.12	9.95
105	93	Exch. 11pc 1991	99	+¼	11.27	11.49
113	98	Treas 12¾pc 1992‡‡	105¼xd	+¼	12.07	11.56
100	86	Treas 10pc 1992	97	+¼	10.73	11.40
101	94	Treas 10½pc Cv 1992‡‡	98	+¼	11.01	11.42
111	95	Exch. 12¼pc '92	107	+¼	11.91	11.66
117	106	Exch 13½pc 1992	112	+¼	12.41	11.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

1984-85 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
38⅝	26	Abbott Labs.	34	−½	$1.20	—	2.9
24	11	Ahmanson (H.F.)	22	−½	$1.20	—	4.6
34¼	22	Alcoa $1	32	+½	$1.20	—	3.2
39	21	Allied Corp $1	29	−½	$1.80	—	5.2
18	13	Amax $1	14		20c	—	1.2
12	731p	Amdahl 5c	11	+	20c	—	—
47	29	Amer. Cyanamid	42	−½	$1.90	—	3.8
33	10	Amer. Express $0.60	31		$1.28	—	3.4
20	14	Amer Medical Int $1	17	+	60c	—	3.0
34	20	Amer. Nat. Res. $1	33	+	$1.41	—	3.6
17	10	American T. & T. $1	16	+	$1.20	—	6.1
67	43	Ameritech $1	65	−½	$6.00	—	7.8
21	15	Amfac	16	−	$1.44	—	7.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
261	202	Vaux	260xd	+2	10.06	2.2	5.5	10.2
217	128	Whitbread 'A'	217	+6	16.25	2.6	4.1	10.9
272	206	Wolv. & Dudley	270xd		7.6	3.0	4.0	11.7
280	220	Young Brew 'A' 50p	240		15.5	2.0	3.3	21.4
180	120	Do. Non. V. 50p	165		15.5	2.0	4.8	14.7

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

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Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

MINES—Continued

Diamond and Platinum

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Australians

Tins

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REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

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FINANCIAL TIMES

Saturday January 5 1985

MAN IN THE NEWS

A grass roots optimist

BY DAVID DODWELL

HIGH ON the wall in the tiny private office of Choi Park Lai, Hong Kong's most famous soothsayer and foremost authority on the intricacies of the Chinese almanac, is a cherished piece of calligraphy presented by David Akers-Jones, who in June will become the most powerful man in the Hong Kong Goverment after the Governor.

Mr Akers-Jones is a good friend of Mr Choi, consults him regularly, and takes his insights seriously. He is not a typical expatriate civil servant, and he will provide a striking contrast to Sir Philip Haddon-Cave whom he replaces. As Hong Kong moves towards reintegration with mainland China in 1997, many will say he is a man for the time.

For moret han 11 years Mr Akers-Jones has been the Hong Kong Government's main channel of contact with the New Teritories, and the colony's grass roots. After spending 20 years out of a 28-year career in Hong Kong in the New Territories, it is not surprising that he sees Hong Kong as his "heung hah"—home in Cantonese.

Unlike many Hong Kong civil servants, he is not filled with gloom at the prospect of Britain's flag coming down on June 30, 1997. He has been vocal during the recent uncertain past in encouraging Hong Kong people to remain confident about their future. He is a figure the Chinese will find easy to talk to.

From a degree at Oxford studying the development of the English language up to the year 1400, he began his working life

David Akers-Jones

as a teacher at Gordonstoun school in Scotland. He has said his only constant thread is an interest in languages.

After working for a time in Malaysia, he came to Hong Kong in 1957 and started in the Department of Trade and Industry "looking after such curious things as soya beans, corned beef and firewood."

Twenty yearsc ago he was assigned as district officer to Tsunwan in the New Territories. He speaks Cantonese like a native, spoke Hokien before he spoke Cantonese, and —noting which way the wind is blowing—has got to grips with Mandarin, too.

The contrast could hardly be greater with Sir Philip Haddon-Cave, who speaks no Contonese, is said to dislike Chinese food, and for most of the past 15 years has been preoccupied with economic management of the territory.

After so long as the Government's "eyes and ears" in the New Territories, it is not surprising that Mr Akers-Jones has taken a close interest in the process of political reform that is beginning to accelerate in Hong Kong.

He has forthright views on the political system that must be in place by the time China regains sovereignty of the territory. He is committed to shifting decision-making power into the hands of Hong Kong people, but is concerned that the system should be "friendly" enough in Peking's eyes to sit comfortably with Deng Xiaoping's concept of "one country, two systems."

Civil Service practice in Hong Kong is that officials retire when they are 60—indeed that is the reason for Sir Philip Haddon-Cave's retirement. So Mr Akers-Jones, at the age of 57, can expect to oversee only the early stages of political change.

It is certain, however, that in his retirement he will remain closely interested. He has every intention of remaining in Hong Kong, and should be sure of a life long enough to take him to 1997. If Choi Park Lai cannot ensure it, then his notable collection of turtles certainly will (in Chinese mythology, turtles are a symbol of long life).

Consumer spending spree continues

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN's retailers are still enjoying a buoyant level of consumer spending as the post-Christmas buying spree shows no sign of slowing down.

Harrods, the Knightsbridge, London, department store which started its sale yesterday took a record £5.5m for the day compared with £4.2m on the first day of its sale last year. The store estimated that about 30,000 customers, many of them American tourists, entered the store in the first hour of trading.

Other retailers throughout the country also report a high level of sales even after the record level of pre-Christmas spending. It is clear from retail reports, however, that the level of trade has been much higher in the South than the North, especially in areas where the miners' strike is still strong.

In addition, the sales boom has particularly benefited major department stores and multiple retail groups rather than small independent shops.

Much of the spending spree, moreover, has been financed on credit. Access, the credit card company, says that credit card transactions in December totalled £425m, a 23 per cent increase on December 1983. Its peak day was Saturday, December 15, when it took some 70,000 credit checking calls and transactions totalled £45m for the day.

The Harrods sale drew most attention yeserday with the traditonal long queues, dramatic sales bargains, and a very crowded store. Within 30 minutes of the sale starting at least two £3,000 mink coats on offer at half price had been snapped up.

Harrods reported that the busiest departments were menswear, fine china and crystal, furniture, and ladies fashion. The "designer" names were much in demand, helped by the large number of U.S. tourists at the sale. Their presence had been spurred by advertisements placed by Harrods in the New York Times, as well as the continuing strength of the dollar in relation to sterling.

Mr Frank Drewitt, Harrods managing director, was anxious last night to point out that there were many Britons at the sale as well. "Oru traditional British customers are much in evidence and are supporting the sale in unprecedented numbers," he said.

Selfridges, which started its sale a week ago, also reports a record level of sales so far although it is not releasing precise figures.

Mr Roy Stephens, the store's managing director, suggested that although tourists and credit cards were helping the boom, "people still have some money left which they failed to spend before December 25."

Marks and Spencer, which has given its end of season sale more prominence this year in line with a more aggressive marketing policy, reports that the clearance is going well and that sales are "very good."

The John Lewis Partnership also released figures yesterday showing that in the final week before Christmas, ending on December 22, sales were at a record high with a 35.5 per cent increase in value over the same week of 1983.

In the three days' trading after Christmas before the clearance sale, John Lewis reported a sales increase of 6.6 per cent compared with 1983, which it describes as "very satisfactory."

But the North-east Co-operative Society says that trade has been quite difficult this Christmas. The society started its clearance sales the week before Christmas to help boost spending and reports sales of non-foods up by 13 per cent for the week covering just before and just after Christmas Day.

The society said: "People are clearly conserving their spending until they see prices coming down and real bargains on offer."

While the outlook is for continued buoyant sales this month, most retailers expect spending to fall in February. However, the prospect of tax cuts in the Budget and continuing wage increases higher than the inflation rate is prompting optimism about 1985 being a very good year.

Inquiry into Bhopal disaster shows faults at chemical plant

BY JOHN ELLIOTT IN NEW DELHI

UNION CARBIDE yesterday received its first official condemnation over the gas leak which killed more than 2,000 people last month.

Dr S. Varadarajan, the Indian Government's top scientist who is heading an inquiry into the accident, blamed Union Carbide for allowing faults to develop in its pesticides plant at Bhopal, central India.

He said the cooling system on the tank storing the lethal methyl isocyanate was inefficient and that liquid level controls in the tank did not work during the accident.

His team were not convinced that a caustic soda scrubber—which should have neutralised the escaping gas — had been switched on, he added.

This is the first public analysis given by Dr Varadarajan of his inquiry team's findings. It confirms many unofficial reports from employees and observers in Bhopal just after the accident.

The Government's first official statement will come when India's Parliament resumes its sittings in the middle of this month. It will be made by Mr Veerendra Patil, the new Minister of Chemicals and Fertilisers. He visited Bhopal this week.

As many as 60 to 70 victims a day are still being admitted to hospital because of the after-effects of inhaling the gas. Dr N. R. Bhanarpt Bhandari, medical superintendent of the city's main Hamidia hospital, said the number of outpatients attending for new treatment was even higher.

About 6,000 people have so far registered themselves with a legal advice board set up by the state of Madhya Pradesh, of which Bhopal is the capital. There are fears that the total death toll may be far higher than the generally quoted figures of 2,000 to 2,500.

Dr Varadarajan, a senior civil servant who heads India's Council of Scientific and Industrial Research, suggested that a water leak caused the tragedy. He said that as little as half a kilogram of water entering the underground tank storing the methyl isocyanate could have been to blame. It would have triggered a runaway reaction that probably pulled the entire tank from the ground, cracking its protective concrete shield.

A third of the 45 tons of chemical in the tank then turned into a polymer. The polymerisation process caused such excessive heat that the rest of the contents turned into the lethal gas which escaped after rupturing a safety valve.

Dr Varadarajan also told a science conference in the northern Indian city of Lucknow, that another lethal chemical, phosgene, might have caused the reaction after less than half a kilogram of water had entered the tank. Phosgene is usually added to methyl isocyanate to inhibit polymerisation.

He said that a full assessment of what happened would only emerge after the tank had been opened. This would be done after Bhopal city had voted in India's General Election. Polling was delayed from December 24 to the end of this month because of the disaster.

AT&T trims video conferencing

By Paul Taylor in New York

AMERICAN Telephone & Telegraph, the U.S. telecommunications group, confirmed yesterday it ha dsharply scaled down its public video-conferencing network in the U.S. because of lack of demand.

AT & T said it recently closed its viedo-conferencing facilities in six of the 11 cities where the system, called Picturephone Meeting Service, was introduced three years ago. At that time, the company said it intended to expand the service to 42 cities.

According to some industry estimates, AT&T's service attracted only 120 customers in 1983 and perhaps 180 video-conferences last year. In both years AT&T's losses are thought to have been about $4m (£3.5m).

The company has been trying to exploit what was once considered a potentially fast expanding and lucrative market for televised telephone services since the 1960s, when it introduced a now defunct service based on desk-top video-telephones.

Its decision to scale down the Picturephone Domestic Service marks a blow to the infant public video-conferencing industry which is attracting a growing number of users in the U.S.

Full motion video-conferencing, of the type offered by Picturephone, is thought to have earned only about $150m in 1983. Some industry analysts have projected slow growth to revenues of about $450m in 1988, because of high costs, poor picture quality and customer reticence. Others are still predicting big expansion as costs tumble

AT & T's problems may reflect a mistaken marketing thrust. Picturephone is believed to have suffered because it required client company executives to travel to a special studio to conduct a video-conference.

In spite of the company's domestic experience, AT & T and a number of other companies are forging ahead with transatlantic video-conference services.

AT & T is in the process of expanding its Accunet international video-teleconferencing service which was introduced in April between New York and London in conjunction with British Telecom.

Ministers warned Continued from Page 1

repairs, maintenance and renewal, including an estimated £2bn of urgently needed expenditure on hospital maintenance; expenditure of two or three times the present level on roads if local roads are not to deteriorate to the point where they would need complete renewal; a shortfall of up to 40 per cent in the maintenance expenditure needed on schools and Government buildings to deal only with the most urgent tasks; and "serious defects" in public housing.

The paper says that no overall cost can be estimated—but "it is clear it is substantial." Unofficial estimates put the cost at many billions of pounds.

● The one-year funding cycle used by local and central authorities aggravates the problem of deterioration, because "life cycle costs are often not taken into consideration." The paper says that "the spending authorities' criteria and systems do not link effectively with central — or where applicable local — government decision-making about funds. The one-year funding cycle makes things worse."

● Information on the existing public capital stock is often poor, as in the cases of schools and hospitals — though it can be comprehensive, as in the case of motorways.

Mr Cassels' paper suggests that the Government should take a fresh approach to the one-year funding problem: that the Treasury "should take the lead in reviewing the central Government decision-making machinery;" and that all public authorities be within the scope of such a review "in order that each of them can better discharge its responsibility to manage its estates professionally."

The paper concludes that "the cost of making good the backlog in maintenance etc is likely to escalate as time goes by. There is an urgent need for the size of the problem to be defined and for decisions to be made about how to tackle it. The lead can only come from Central Government."

Joan Gray, Construction Correspondent, writes: Pleas by the construction industry for more Government spending on capital projects to create jobs were rejected yesterday by Mr Norman Lamont, the Industry Minister.

Speaking at an Imperial College Symposium on organising and funding major civil engineering projects the Minister said: "We must reject any notion that projects should be funded, whether or not they are actually desirable, in order to make work for industry."

He said there was no "right, or target," level for public sector capital expenditure which had been "broadly maintained in real terms at the same level as in 1978-79."

Markets Continued from Page 1

points in the previous tow trading days.

After a fairly turbulent few days, however, equity prices were little changed with the index down 5.2 points (or only about ½ per cent) overall in the year's first week of trading.

The average rate pad in the weekly auction for Treasury bills was 9.174 per cent, just 0.05 of a percentage point higher than the average at last week's auction.

The markets' next landmark will be the provisional money supply figures for December due to be released on Tuesday.

After a sharp rise in the November money figures—partly attributed to distortions relating to the British Telecom issue—the markets are looking for some offsetting fall in December.

However, the Bank of England and the Treasury believe the distortions may have continued to obscure the underlying monetary trend in December.

Amid the uncertainty about the extent or continuation of the distortion a further high figure for money supply could unsettle the markets.

NCB Continued from Page 1

The report by Mr George Kerevan, a senior economics lecturer at Napier College in Edinburgh, and Dr Richard Saville, lecturer in economic history at St Andrews University, says the closure programme had gone far beyond pits which might have been termed "uneconomic" in any reasonable sense.

The report, "The Economic Case for Deep-mined Coal in Scotland," follows up "The Economic Case Against Pit Closures," by Mr Andrew Glyn, published in December by the NUM national executive. It presents a case for maintaining Scottish coal production and claims that the costs of closures —when taking into account redundancy benefits, lost tax revenues and the knock-on effect for other industries— represents a net cost to government.

"The picture is conjured up of area managers wrestling with elderly, high-cost collieries reaching the end of their useful producing lives and plagued by geological difficulties."

But the findings of the Scottish study and those of the 1983 Monopolies and Mergers report into the efficiency of the NCB showed the picture did not square with reality.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Exch 10½pc 1988	£97 11/16	+ 1/16	Devenish (J. A.)	500	+ 40
Exch 12pc '99-02	£105⅝	+ ⅜	Mercury Secs	460	+ 22
Acsis Jewellery	26	+ 4	Polly Peck	227	+ 17
Akroyd & Smithers	390	+ 25	Rank Org	300	+ 10
Allied-Lyons	164	+ 11	Smith Bros	107	+ 4
Arrow Chemicals	64	+ 5	Telephone Rentals	220	+ 12
Atlanta Inv Wts	44	+ 6	Television Services	165	+ 15
BICC	242	+ 9	Trusthouse Forte	149	+ 4
BSR Intnl	147	+ 10	Wardle Storeys	197	+ 13
BTR	614	+ 11	Whittington Eng	108	+ 30
Barratt Dvlpmnts	90	+ 10	FALLS		
Bejam	151	+ 11	Assoc Dairies	152	− 4
			Sun Alliance	428	− 15

WORLDWIDE WEATHER

UK today: Cold. Sunny spells in all areas except N. Scotland. Snow showers in East. Outlook: Similar.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	6	43	Corfu	F	10	50	Luxmbg.	S	−8	18	Prague	F	−10	14
Algiers	S	17	63	Dallas		—	—	Madeira	F	15	59	Reykjvk.	C	5	41
Amsdm.	Sn	−4	25	Dbrvnk.	F	3	37	Madrid	R	4	39	Rhodes	F	15	59
Athens	C	12	54	Dublin	R	6	43	Majorca	C	11	52	Rio J'o		—	—
Bahrain	S	19	66	Ednbgh.	S	4	39	Malaga	F	14	57	Rome	S	5	41
Barclna.	F	5	41	Faro	C	17	63	Malta	C	12	54	Salzbrg.	Sn	−9	16
Beirut		—	—	Florence		—	—	M'chstr.	F	4	39	S F'cisco†	F	6	43
Belfast	S	−1	30	Frankft.	S	−8	18	Melbne.	F	26	79	Singapr.	S	31	88
Belgrd.	S	−4	25	Geneva	Sn	−3	27	Mx. C.		—	—	S'tiago		—	—
Berlin	Sn	−5	23	Gibraltar	R	15	59	Miami†	F	23	73	Stckhm.	F	−12	10
Biarritz	S	0	32	Glasgow	S	3	37	Milan	F	0	32	Strasbg.	S	−7	19
Bmghm.	R	2	36	G'rnsey	C	5	41	Montrl.†	F	−11	12	Sydney	S	27	81
Blackpl.	F	4	39	Helsinki	C	−20	−4	Moscow	Sn	−6	21	Tangier	F	19	66
Bombay	S	31	88	H. Kong	C	18	64	Munich	S	−12	10	Tel Aviv	S	18	64
Bordx.	S	0	32	Innsbrk.	Sn	−7	19	Nwcstl.	S	5	41	Tenerife	F	19	66
Boulgn.	Sl	1	34	Invrnss.	F	2	36	N Delhi	F	16	61	Tokyo	C	8	46
Bristol	S	4	39	I.o.Man	S	5	41	N York†	C	−2	28	T'ronto	F	−11	12
Brussels	Sn	−5	39	Istanbul	F	5	41	Nice	S	6	43	Tunis	F	12	54
Budpst.	F	−7	19	Jersey	F	4	39	Nicosia	C	18	64	Valencia	S	11	52
Cairo	S	21	70	Jo'burg		—	—	Oporto	R	9	48	Venice	Fg	−3	27
Cardiff	S	4	39	L. Plms.	F	20	68	Oslo	S	−9	16	Vienna	Sn	−8	18
Cape T.	F	21	70	Lisbon	R	12	54	Paris	S	1	34	Warsaw	S	−10	14
Chicg.†	F	−16	3	Locarno	C	0	32	Peking	S	−1	30	Zurich	Sn	−7	19
Cologne	Sn	−8	18	London	R	3	37	Perth	S	32	90				
Cpnhgn.	F	−7	19	L. Ang.†	F	11	52								

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

A round trip back to base

What the clearing banks want from Tuesday's UK money supply figures is a clear signal — either good or bad. Last week, the gap between base rates and the three-month sterling inter-bank rate widened at times to 100 basis points, squeezing the banks' margins and giving companies with spare cash the chance to round trip by borrowing from banks and reinvesting the proceeds at a higher rate.

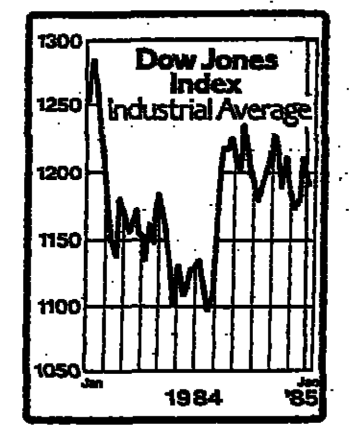
If the figures are bad, the banks will have a good excuse to narrow that gap by raising base rates, which are clearly out of line. And if the market likes the figures, interbank rates should fall, leaving today's base rates more in tune with the others. The worst outcome would be one that left the banks wanting to raise base rates, but with no monetary excuse to do so.

The authorities, of course, would rather interest rates fell than rose, but will be none too pleased if the round-tripping inflates January's bank lending figures. The Bank has been keen to show its position by holding its intervention rates unchanged in the money markets and should continue to do so on Monday and Tuesday to keep the market calm in advance of the money supply announcement.

The British Telecom sale will probably distort the figures, though no one seems quite sure how. Estimates of the change in £M3 vary wildly, from down by ½ per cent to up by the same amount. Any rise would be taken as a bad sign by the market, which will also be looking for clues to the level of bank lending, given the strength of retail sales in November.

If the figures are disappointing—and maybe even if they are not—it looks as though the Government will have to do some more funding to bring £M3 back within its target range. Whether gilt-edged investors would buy this is another matter. Last week, the market was lacklustre, with an incipient morning rally yesterday taken care of immediately by a fall on Wall Street. Though institutions have plenty of cash, and will get a healthy dividend stream this month from their gilt holdings, they seem to be going in and out of equities with much more alacrity. If they are bearish on interest rates, the Government will have to lure them with the carrot of much higher coupons if it wants them to be enthusiastic about new issues.

Index rose 12.3 to 941.0



If the authorities want the gilt market to take heart, they will be lucky to find any cheer from across the Atlantic either. The U.S. Treasury market has been worried that the American economy is rising far too early from its sick bed, giving the Federal Reserve no more excuse to ease monetary conditions and let interest rates fall further.

That will help neither gilt-edged, nor sterling, which has been languishing itself. The invalid may perk up a little in the short term if the bad weather helps out oil producers. But recent history has shown that increasing base rates is not necessarily a recipe for turning sterling around.

What may end up being more important is President Reagan's State of the Union speech at the end of the month. If he promises to take action on the federal deficit (even though past pledges on this score were not fulfilled), the dollar may lose some of its shine—and the pound, by default, could emit at least a faint glow.

Wall Street

American investors cannot look back on a very rewarding year for U.S. equities, despite the handsome real growth in the economy and the surge in corporate profits. Having slid down from its peak at the end of 1983, the market managed to squeeze itself into alternating bouts of gloom and optimism within a range of about 200 points on the Dow Jones Industrial Average. Opinion seems to have settled on a rate of real GNP growth of 3 or more per cent for this year and for corporate profits to be up, if not at last year's 20 per cent rate. But the New Year comes to a Wall Street scratching its head about what the Federal Reserve is really up to and whether the fall in interest rates (which has hardly inspired the market) can continue; as for the dollar exchange rate, even the bold are evasive.

The rather sour response to Ronald Reagan's re-election in November may well have been a weary recognition that this year will see more than usually enervating debate over the Federal Government's budget deficit. The fact that Washington is actually talking about cuts must be balanced by a suspicion that the President and the Congress may not be speaking the same language; and governments do not regularly discover new and exciting areas for economies after four years in office.

A continued high level of government borrowing, apart from keeping up bond rates, will probably make any return to the sort of economic growth of a year ago a short-lived affair. Given that the equity markets refused to believe their luck when interest rates stepped down from last summer's plateau, it is possible that upward pressure on rates might worry the timid into thinking that the bull-market peak really was scaled a year ago. Ironically, the evidence of a somewhat better than expected performance by the economy in the fourth quarter of 1984 has tarnished the hope that the Fed is determined to ease its policy to prevent a real recession.

In this picture, corporate profits—already squeezed by the dollar exchange rate in export markets—will be further constrained by borrowing costs and will not be able to support a stock market much above present levels.

Convincing reasons are fairly hard to find for a fall in the dollar against other currencies, especially sterling which must bear uncertainties about the oil price. What does seem a safe bet is that volatility is becoming something of a habit on Wall Street and that sectors will continue to move quite sharply in and out of favour, according to the vagaries of motor registration or semi-conductor sales. This suggests a year that may not close with the Dow above its last peak but could be memorable all the same.

هكذا صدر الأصل